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PENSIONS & February 22, 1988

Investment Age

The newspaper of corporate and institutional investing $4.50 an issue · $90 a year

Proxy guidelines aired

Ultimate stock value is key

By Nicky Robertshaw

WASHINGTON — The ultimate economic value of the stock must be the primary consideration when fiduciaries vote their proxies, a key Labor Department official has decreed.

The long-awaited stance on how institutional shareholders must vote proxies to meet their fiduciary obligations under the Employee Retirement Income Security Act will be explained in more detail in a letter to a company whose proxy-voting procedures have been under investigation by the Department of Labor. The letter is expected to be released this week, said David M. Walker, assistant secretary of labor.

Mr. Walker, who referred to the letter during a meeting of the United Shareholders Association in Washington, would not name the company, but sources said Mobil Oil Corp., New York, which allegedly placed undue pressure on Citicorp Investment Management Inc., New York, in voting proxies, and Avon Products Inc., New York, both are under investigation by the Labor Department.

In an interview, Mr. Walker said the letter will involve two key policy points:

- It will reinforce the importance of voting with the ultimate economic value of the stock as a priority — even if it conflicts with the interests of management, labor or a short-term premium per share available through a tender offer.

Fiduciaries voting proxies must make an independent analysis of the situation, and must be able to document the vote and the reasons for the decision, he said.

- It will clarify the Labor Department's position that named fiduciaries who farm out investment management decisions but retain proxy voting power still are liable for ERISA violations resulting from those proxy votes. That separation of voting rights from investment decisions also must be spelled out in plan documents, Mr. Walker said.

When an investment manager votes a proxy, he or she must ignore any pressure or direction from executives of the plan sponsor, he added.

"The department's statement will help put a stop to the kinds of pressures corporate managements have applied to independent investment managers, but to make this policy credible, the department will have to

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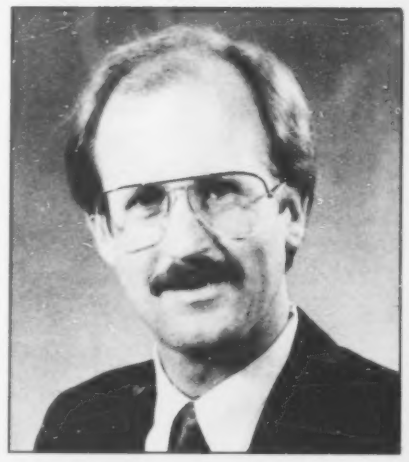

David Walker says the Department of Labor's letter on fiduciaries' voting of proxies sets two key policy points.

Banks expand financing role ...

By Marcia Parker

More corporate financial executives are listening when commercial bankers talk about the investment banking services they can deliver.

Chrysler Corp., Ogden Corp., Avon Corp., Armco Inc. and Mack Truck are among the companies that have accepted the concept of commercial bankers providing investment banking services.

The bankers, for their part, are trying to build on the toehold they've established in the investment banking business and compete head-to-head with their Wall Street counterparts.

"The franchise that Wall Street has is still intact, but not for long," said Frederick W. Zuckerman, vice president and treasurer at Chrysler, Highland Park, Mich. "I do not perceive the commercial banks are yet in the big leagues, but in three to five years they will be."

Corporate finance chiefs at many companies say that while commercial banks have a long way to go — and their progress largely depends on whether regulatory shackles are released — several banks have made significant inroads into the investment banking business, serving as private placement agents for securities and, to a lesser extent, advisers on mergers, acquisitions and divestitures. Those banks include Bankers Trust Co., J.P. Morgan & Co., Citicorp and Chase Manhattan Bank, all in New York.

***Pensions & Investment Age*'s special look at commercial bankers' inroads into investment banking continues in Financing — Page 35.**

Not withstanding the regulatory barriers and the uncertain outlook for future regulation, corporate financial executives say more commercial bankers are offering innovative ideas well tailored to the corporations' financing needs.

Financial officers have no plans to abandon their investment bankers, but several companies have either begun to use commercial banks to handle more than just their borrowing needs or are thinking about it, although most still rely on investment bankers for advice on mergers and acquisitions and sizable deals.

"We see a lot more of the banks in here," said Maria Monet, chief financial officer at Ogden, New York. "In the past year I've seen a much more aggressive push. The banks are coming in with ideas based on their familiarity from the lending side that are much more targeted to-

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Bankers Trust Co., New York, left, is among commercial banks increasing their presence — and gaining acceptance — in the investment banking field. How fast Bankers and others will develop additional services depends largely on whether governmental prohibitions will be

... as laws are eased

By Brad Rudin

Some commercial banks are poised to attempt to take underwriting business from their Wall Street rivals March 1, but others, concerned about restrictions on their new powers, are taking a go-slow approach.

The congressionally imposed moratorium on expanded securities powers for banks expires next month, and a federal appeals court decision this month pierced a gaping hole in the legal wall dividing investment and commercial banking.

The combination of the two means commercial banks will get the expanded underwriting powers granted to them by the Federal Reserve Board in April and May 1987.

Banks had been unable to use those powers pending a suit by the Securities Industry Association against the Fed.

The 2nd U.S. Circuit Court of Appeals Feb. 8 upheld the Fed's grant of expanded underwriting powers to seven money center commercial banks.

Commercial bankers at the big money center institutions say they have the resources to pose a serious competitive threat to investment bankers.

But expanded securities powers could have little practical effect, said Richard H. Jenrette, chairman of Donaldson, Lufkin & Jenrette Securities Corp. and the Equitable Life Assurance Society of the United States, the parent of the securities unit.

Mr. Jenrette believes capital constraints likely would inhibit the ability of many banks to make a major move.

The planned or completed sale of several bank money management units suggests commercial banks might not be willing to make a big commitment to the securities industry, he said.

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LATE NEWS

Fund adds foreign stock, realty

RESEARCH TRIANGLE PARK, N.C. — Burroughs Wellcome Co., the pharmaceutical manufacturer, has restructured its $220 million in pension investments to include non-U.S. equities and real estate allocations.

The revamped asset program should take effect some time in March, when all contracts are signed and terminated portfolios are liquidated, said Glenn Andrews, assistant vice president-finance.

The new asset mix shows a slight increase in domestic equities, less in domestic fixed income, and no cash category, although individual managers have latitude in holding cash.

The new mix is 58% domestic equities; 10% non-U.S. equities; 12% real estate; and 20% domestic fixed income. As of Dec. 31, the asset mix was 56% equities, 26% fixed-income; and 18% cash.

The additions of international and real estate resulted from "some capital market assumptions we made . . . using expected returns from (the Morgan Stanley Capital International Europe Australia Far East index) and real estate markets," Mr. Andrews said. "They seemed to provide an improved risk/return profile for our portfolio."

Bankers Trust Co. — Investment Management Group, New York, was hired to manage non-U.S. equities and The Phoenix, Hartford, Conn., will manage the real estate investments. Thompson, Siegel & Walmsley Inc., Richmond, Va.; Frontier Capital Management, Boston; and Tweedy, Browne Inc., New York, will continue to manage domestic equities. Criterion Group, Houston, will continue as the fixed-income manager.

One manager was terminated, but Mr. Andrews would not name the firm. According to the 1988 Money Market Directory of Pension Funds, the fourth equity manager was Spears, Benzak, Solomon and Farrell Inc., New York. Executives of the firm did not return phone calls by press time.

Callan Associates Inc. offices in San Francisco and Atlanta ran the asset/liability models, manager performance evaluations and manager optimization.

Super Valu picks master trustee

MINNEAPOLIS — Super Valu Stores Inc. has hired Bankers Trust Co., New York, as master trustee for retirement plans with total assets of $80 million, said Gloria Werner, benefits manager.

The bank replaces First Bank Minneapolis. The company became dissatisfied with First Bank after it had shifted its trust department to St. Paul without notice, Ms. Werner said.

Bankers Trust will provide master trustee services for the Super Valu Stores Inc. Retirement Plan and Pretax Savings and Profit Sharing Plan, and the respective profit-sharing plans of Super Valu Stores' retail division, which include Lewis Grocer, Ryans Division and Charley Brothers.

New Orleans teachers taps NCM

NEW ORLEANS — The United Teachers of New Orleans has hired NCM Capital Management Group, Durham, N.C., to manage the union's $8.5 million health and welfare trust fund in a fixed-income account, according to Fred Moore, fund coordinator.

Mr. Moore said the Taft-Hartley fund was established to provide supplemental benefits for New Orleans public school employees. The assets had been managed internally before NCM was retained on a two-year contract, said Mr. Moore.

NCM was hired after interviews with eight investment firms, he said. The search was conducted internally.

HIGHLIGHTS

SEC scrutinizes futures — P. 33

The Securities and Exchange Commission has issued its own report on the October market drop, and zeroes in on stock-index futures and other futures-related trading strategies. The SEC report, while saying that no single factor caused the crash, did not absolve futures-based trading strategies, believing the strategies "were a significant factor in accelerating and exacerbating" the October market free fall.

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Manager questionnaires now out

Questionnaires for *Pensions & Investment Age*'s annual issue profiling the nation's institutional money managers have been mailed out. For your firm to be profiled in the May 23 directory, please return the questionnaire by Feb. 26 to Christine Philip, directory coordinator, *Pensions & Investment Age*, 740 N. Rush St., Chicago, Ill. 60611-2590.

If you have any questions, or have not received a questionnaire, please contact Ms. Philip at (312) 649-5217.

Boston Co. axes oil and gas group

By Fred Williams

BOSTON — The Boston Co. has phased out its energy investment group, considered one of the leading pension fund oil and gas investment managers.

"Energy Advisors got off to a good start," said Robert Mainer, senior vice president at the Boston Co. who oversaw the dissolving of the unit. "But due to the vicissitudes of the energy business and some uncertainty by pension plan sponsors about oil and gas . . . (it) never really got off the ground, assets under management never became significant and it quickly became apparent it was not in the mainstream of Boston Co.'s area of business."

Doug Suliman, president of Boston Co. Energy Advisors since 1985, resigned in September and the next month joined First Reserve Corp., Greenwich, Conn., one of Boston Co.'s competitors. He is serving as a consultant to Boston Co. to ease the transfer of assets to other investment firms. Most of the remaining staff members have been transferred to other positions in Boston Co.'s banking operation.

Boston Co. Energy Advisors was formed in 1981 and, at its peak in 1985, had about $100 million under management. When the decision was made early last year to phase out the division, it had between $40 million and $50 million under management from five clients, Mr. Suliman said.

"When they approached me with the idea that they were getting out of the business, I could appreciate the decision," he said. "This is a boutique investment and didn't fit well with a large corporate environment. It was easy for me to see it was a non-strategic investment area for them. I wanted to continue in the business in some form and talked to a dozen or so prospective successors and settled on First Reserve."

Boston Co. Energy's investments were designed to generate

Continued on page 45

Advo Systems, whose warehouse is shown above, is one small-capitalization holding of The LTV Corp. Despite recent gains, pension funds are not jumping on the small-cap bandwagon.

Small-cap 'rebound' doubted

By Fred Williams

Small-capitalization stocks, outperforming the market since Jan. 1, might be poised for a rebound after five years of lackluster performance, but interest on the part of pension plan executives isn't.

Some investment consultants have noticed increased interest in small-cap investment managers, while others say pension officials are growing more cautious about the equity market and are raising cash or investing in fixed-income instruments.

Through mid-February the NASDAQ composite index and the Russell 2000, two measures of small-capitalization stock performance, were up 5.7% and 7.3% respectively, while the Dow Jones industrial average was up only 1.6% and the Standard & Poor's 500 stock index was up 3.6%.

Investment strategists at investment management firms have started calling attention to the small-cap sector, believing it to be undervalued and ready for a strong year.

"Our sector has significantly underperformed relative to large-capitalization stocks, but that is changing," said Robert Kern, executive vice president of Morgan Grenfell Capital Management Inc., New York, and leader of the Morgan Grenfell small-cap equities team. "Pension plan sponsors are looking at their asset allocation models and concluding the small-cap sector is attractive now. They are at historic valuations, lows we haven't seen since the early 1960s."

Morgan Grenfell's definition of small-cap covers any company with less than $500 million in market capitalization, but the firm focuses on companies between $50 million and $500 million, of which there are about 2,000 publicly traded issues.

Morgan Grenfell holds substantial positions in such small-cap issues as **J.M. Smucker Co.**, **Intermec Inc.**, **Electromagnetic Sciences Inc.** and

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No boundaries

Venture capitalists look overseas

By Trudy Ring

Venture capital investments with an international flavor are attracting U.S. investors, but some questions remain.

Among the investors are the Cincinnati Bell Inc. and United Technologies Corp. pension funds, the Rockefeller Foundation, the Yale University endowment fund and, on behalf of clients, such money management firms as Alliance Capital Management Corp., Abbott Capital Management Inc. and Aetna Life & Casualty Co.

Although concerns over currency fluctuations, track records, public markets and communication make institutions hesitant to invest in foreign ventures, they are providing capital to young U.S. companies with foreign ties.

Hambro International Venture Fund Management Services Co.,

Continued on page 46

Telematics Inc., a computer firm, is one international firm weaned on venture capital that now is a public company.

Wiley

Philip

Photos by Michael Marcotte

P&I changes staff duties

Pensions & Investment Age has made several staff changes.

In Chicago, Carol Wiley, formerly directory coordinator, has been named staff reporter. Christine Philip has been hired to assume Ms. Wiley's duties.

In New York, Bureau Chief Joel Chernoff has been named senior editor and Brad Rudin, formerly a staff reporter, has been named senior reporter.

Ms. Wiley joined *P&I Age* in March 1986. She previously had been a reporter for the Chicago Tribune and several other daily newspapers in Illinois, and worked as an organizer and publicity writer for a community college and several non-profit organizations.

Ms. Philip worked in London for seven years, serving as client services coordinator for the Yankee Group, a telecommunications/computer research analysis firm.

Since returning to the United States, she has worked with Fortune 100 and 500 clients providing proprietary market research studies and information services.

Ms. Philip received her bachelor's degree in English literature and creative writing from Knox College and the University of Durham, England. She has done graduate-level work at Pennsylvania State University.

The changes in the New York staff reflecting the publication's expanded commitment to international investment and corporate finance coverage.

Mr. Chernoff will develop and oversee a network of foreign-based correspondents, as well as report on international and domestic developments affecting U.S. and foreign institutional investors. He joined the publication in May 1982.

Mr. Rudin, who joined *P&I Age* in May 1986, covers corporate finance with Associate Editor Marcia Parker. Before joining the publication, he covered local government for newspapers in New Jersey. ■

CORRECTIONS & CLARIFICATIONS

- **American Fund Advisors Inc.** was omitted inadvertently from the list of equity managers in a profile of ITT Corp.'s employee benefit assets Jan. 25. The firm has been managing a portion of ITT's equities since March 1.
- **Unisys Corp.**'s defined benefit assets after the October market drop totaled $2.561 billion, a drop of 15.7% from the assets as of Sept. 30. It was incorrectly reported Jan. 25 that the drop represented total employee benefit assets.
- **Amivest Capital Management** manages equities for the **IAM National Pension Fund**. The firm was identified incorrectly in the Jan. 25 issue.
- The South Africa-free index of **Statistically Speaking** in the Feb. 8 issue contained an error in the Standard & Poor's 500 number. The year-end figure is 5.23%.

Bransford back in consulting

By Joel Chernoff

ATLANTA — Roger Bransford is back in the investment management consulting business — again.

One of the best-known consultants in the business, Mr. Bransford has joined Towers, Perrin, Forster & Crosby Inc. to head its investment consulting operation. He left D.L. Eager Associates Inc., a Louisville, Ky.-based firm that advises money managers on how to market their products.

"The plan is to have a business which is going to focus on TPF&C clientele," said Mr. Bransford, who has the title of national manager-asset consulting and will be based in Atlanta.

The hiring of Mr. Bransford signals a new push into the investment consulting business for TPF&C, where the firm has lagged some of its major competitors. "We were inching into asset modeling and decided to go all the way," said Don Sullivan, vice president and director in TPF&C's New York office.

The firm was conducting asset/liability studies for clients but was unable to meet customer demands to perform manager selection and evaluation works, he explained.

TPF&C already has an infant investment consulting practice in place, but Mr. Bransford is expected to expand the business substantially.

Last fall the firm snared a consulting contract with the $525 million City of Memphis, Tenn., retirement system away from E.F. Hutton Consulting Group.

Tom Harrison, manager of debt and investments for the Memphis fund, said fund officials were impressed with TPF&C's asset allocation tools.

TPF&C now has only one full-time consultant, John Sweeney in Atlanta, a few consultants available part time and about six systems people.

The firm won't necessarily build up its data base of investment manager performance from scratch, but might look at subcontracting existing data bases where appropriate, he said.

Also, TPF&C likely will not train specialists for every asset class, but might contract with a real estate consultant, for example.

Mr. Bransford has been in and out of the investment management consulting field lately, but spent nearly 15 of the past 17 years in the business.

From 1971 through 1978, he was at the old A.G. Becker & Co. consulting business, leaving to join Meidinger Inc. as senior vice president and member of the board of directors.

Shortly after Meidinger was merged into William M. Mercer Inc. in early 1984, he left to become president of Little Rock, Ark.-based Meridian Management Co. for a year.

He then returned to Mercer-Meidinger in June 1985 to oversee the asset planning business. But he left the firm again in November 1986, this time to join Dave Eager, another former head of the Mercer asset planning unit. ■

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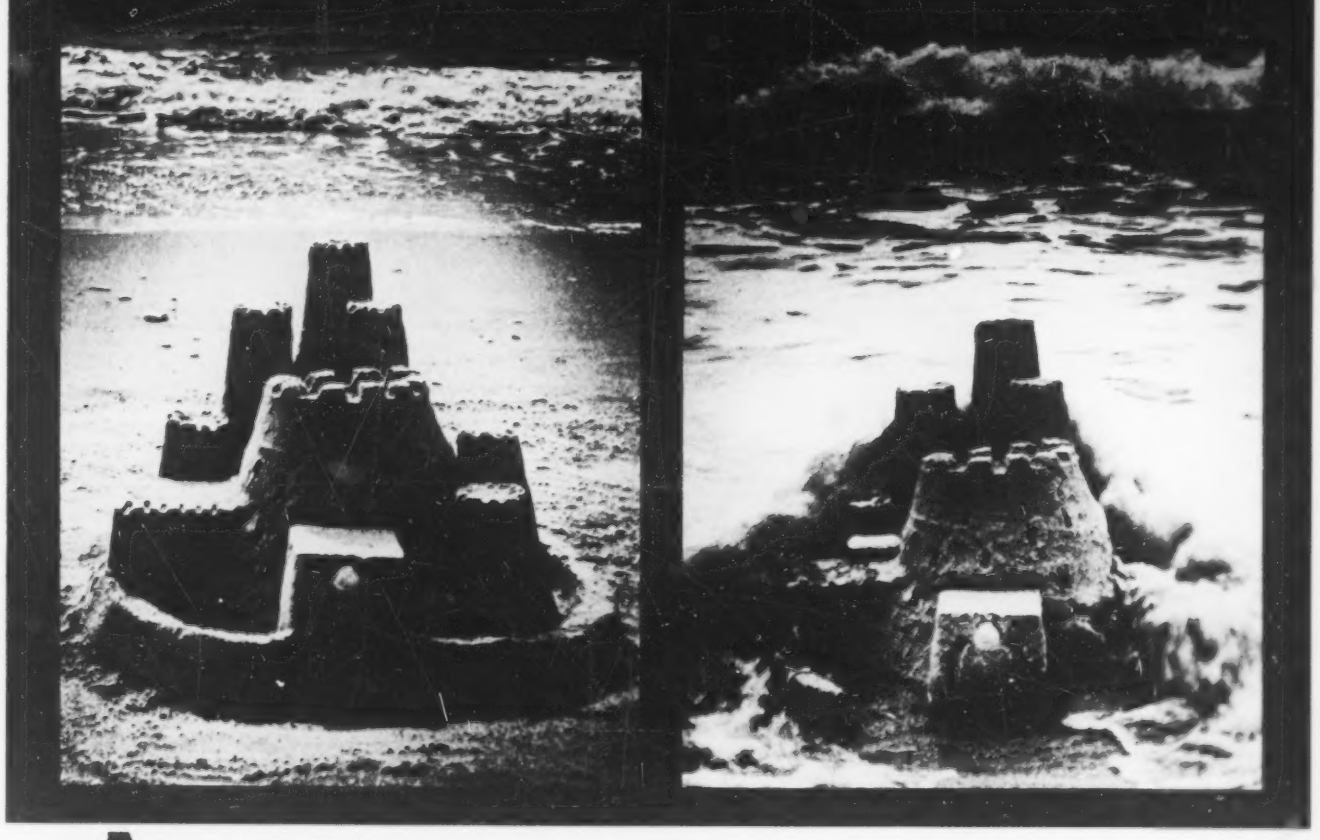

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NCNB REAL ESTATE FUND

*As reported by CDA Investment Technologies, Inc. for the period ending 12/31/87.

Few dodge '87 perils

Market crash, loan losses cause red ink

By Marcia Parker
and Brad Rudin

NEW YORK -- J.P. Morgan & Co. Inc. and Morgan Stanley Group Inc. outpaced their rivals in commercial and investment banking with 1987 financial statements that showed few scars from the difficult year.

Money center commercial banks sustained poor results because of the large provisions for loan losses that were taken in response to the Third World debt crisis. The investment banking industry experienced setbacks in trading, underwriting volume and mergers and acquisition activity as a result of the Oct. 19 stock market plunge.

Although J.P. Morgan's net income fell, it posted a better bottom line than other New York-based money center banks, which sustained deep losses in 1987.

Morgan Stanley, a bulge-bracket investment bank, was the only publicly traded securities firm to generate higher earnings in 1987 than in the previous year.

J.P. Morgan overcame the tide of red ink in the banking industry despite an allowance for credit losses amounting to $1.708 billion at the end of 1987.

The bank posted net income of $83.3 million, 39 cents a share, in 1987.

J.P. Morgan's improvement in non-interest operating income in 1987 — $1.346 billion, up 10% from the $1.224 billion earned in 1986 — was in part offset by a decline in taxable-equivalent net interest earnings, which lagged because the bank placed $1.3 billion of Brazilian loans on a non-accrual basis.

Bankers Trust Co., the only other New York-based money center to finish in the black, posted a 2-cent-a-share profit in 1987 with net income of $1.2 million. That figure, which reflects the effect of a special credit loss addition of $700 million, would have been a record $637.2 million — $8.79 a share — were it not for the allowance.

Downward pressure on the bottom line at large banks and brokerage houses

	Net income ($ millions)		Earnings per share	
Banks	**1987**	**1986**	**1987**	**1986**
Bankers Trust	1.2	427.9	.02	6.01
Chase Manhattan	-894.8	585.4	-11.56	6.50
Chemical New York	-853.7	402.4	-16.68	7.57
Citicorp	-1,138	1,058	-4.26	3.57
Manufacturers Hanover	-1,140.2	377.2	-27.04	7.99
J.P. Morgan	83.3	872.5	.39	4.74
Brokerage houses				
First Boston	108.9	180.6	3.12	5.01
Merrill Lynch	390.6	454.3	3.51	4.15
Morgan Stanley Group	230.9	201.3	8.99	8.42
PaineWebber	72	75	2.17	2.49
Shearson Lehman Hutton	101	341	1	X
Salomon	142	516	.86	3.32

X: Shearson Lehman was 100% owned by American Express Co. in 1986

Source: From company reports

The bank boosted its allowance for credit losses to $1.298 billion at the end of 1987 from $590.7 million the previous year.

Non-interest income — which totaled $1.632 billion, up $624.6 million or 62% from 1986 — powered much of the bank's profitable performance.

Citicorp, the nation's biggest bank, reported 1987 results that were shaped by its decision to augment reserves by $3 billion, which reduced earnings and equity by that amount. The bank reported a $1.1 billion loss, negative $4.26 a share in 1987.

Brazil's inability to pay any interest during the year resulted in a revenue shortfall of $333 million and an after-tax earnings impact of $200 million.

Manufacturers Hanover Corp. emerged from 1987 with the biggest loss among the New York money center banks — $1.14 billion or negative $27.04 cents a share.

It experienced a decline in net interest revenue and net yield because of its decision in the first quarter to place on non-accrual status about $1.5 billion of outstanding loans to Brazilian and Ecuadorian borrowers.

The Chase Manhattan Corp. and Chemical New York Corp. also suffered drops in net interest income, attributing the decline to the non-accrual status of South American loans.

Because of special items and tax benefits, Merrill Lynch reported net earnings of $390.6 million for 1987, down 14% from $454.3 million in 1986. Revenue for 1987 reached a record $10.9 billion, up 13.5% from the $9.6 billion reported in 1986.

PaineWebber Group Inc. reported net earnings of $72 million, down 4% from 1986. Revenue for the year was $2.4 billion, up slightly from the prior year. The firm attributed the relatively strong results to good performance from its fixed-income and asset management businesses that offset the October market crash-related losses.

First Boston Corp., Salomon Inc., and Shearson Lehman Brothers Holdings Inc. saw earnings plunge in 1987.

First Boston reported earnings of $108.9 million, down 40% from 1986, while revenue rose less than 1% to $1.32 billion.

Net earnings at Salomon Inc. slumped 72.5% for the year to $142 million compared to $516 million in 1986, while revenue fell to $6 billion from $6.8 billion. A slew of fourth-quarter charges pulled down the full-year results, including crash-related losses, layoff costs and a hefty charge resulting from pulling out of its new headquarters.

Shearson reported net income dropped to $101 million, down 70% from a record $341 million a year ago.

Revenue rose to $5.12 billion from $4.95 billion. Investment banking revenue dropped sharply, while investment advisory revenue climbed. ■

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PIPER

Small banks lead equities

By Carol Wiley

Pooled equity funds run by three small banks outperformed all others for the quarter and year ended Dec. 31.

The top pooled equity fund in Pensions & Investments' Performance Evaluation Report for 1987 was managed by Beverly Trust Co. of Chicago, with a 22.4% return. It was followed by Citizens Heritage Bank of Piqua, Ohio, whose Cliran Equity Fund returned 20.1%.

By comparison, the Standard & Poor's 500 stock index returned 5.3% for the year and the PIPER median fund, 3.5%.

Beverly also finished fourth for the quarter with a return of 6.6%. The only equity funds not posting negative returns for the quarter were two run by First National Bank of Elgin Inc., Elgin, Ill. The bank's equity funds C and A were first and second with returns of 4.8% and 3.1% respectively.

The S&P 500 returned -22.5% for the quarter and the PIPER median, -21%.

The PIPER universe comprises 316 pooled equity funds of banks and insurance companies.

For the three-, five- and 10-year periods, the median fund scored compound annualized returns of 16.3, 14.4% and 14.7% respectively, and the S&P 500 returned 18.1%, 16.5% and 15.3%.

Perennial PIPER leader Sun Banks, Orlando, Fla., took top honors for those three periods, with annualized returns of 31.4%, 28.4% and 22.1%, respectively. Sun Banks also ranked highly for the year, returning 16.3%.

William Guth, Beverly Trust's senior investment officer, attributed the growth of the $11 million fund to a conservative investment approach. "We play it straight," Mr. Guth said. "We look out for quality issues and the most attractive sectors. There's no indexing, no options, no futures."

In August, the fund was holding **Delta Air Lines Inc.**, **Dow Chemical Co.**, **Monsanto Co.**, **General Electric Co.**, **Pfizer Inc.** and some railroad and oil company stocks.

In mid-October the fund began to sell, divesting almost all equities Oct. 16. After the crash, the fund cautiously re-entered the market, purchasing large-capitalization stocks such as **Caterpillar Inc.**, **Dow Chemical**, **Eastman Kodak Co.**, **GE** and **Philip Morris Cos. Inc.**

The $12 million Citizens Heritage fund, managed by James Investment Research Inc. of Alpha, Ohio, seeks out "stocks neglected by Wall Street, with good earnings, a clean balance sheet, not much debt, strength and relative performance," said Frank James, president of the investment firm.

First National Bank of Elgin got out of the equity market entirely in January 1987 and stayed out until November, when it became 50% invested in capital goods, metals and energy, according to William Palmer, vice president.

Both First of Elgin funds are small, holding between $5 million and $10 million each.

For the year, Beverly Trust and Citizens Heritage were followed by The Phoenix, Hartford, Conn., with 19.4%; First National Bank of Chicago, with 19.2%, and the growth fund of MTrust Corp., Dallas, with 18.3%.

Frank Stanley, portfolio director at The Phoenix, said caution early in the year, buying right after the crash, and an emphasis on sectors and stock selection added to the fund's gains for the year.

Phoenix recorded a fourth-quarter return of -7.6%, a three-year compound annualized return of 21%, and a five- and a 10-year return of 17%.

"One thing that was extremely important was that we got pretty cautious, so we went into October with pretty high reserves in excess of 30%," Mr. Stanley said. "In some funds, we were using Treasuries quite a bit.

"We started to take buy orders the next day (Oct. 20) and got fully invested and stayed that way to the end of the year."

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Bond leaders keep it short

By Trudy Ring

Pooled bond funds with short maturities performed best in 1987, while those in intermediate to long bonds did better in other periods of the Pensions & Investments' Performance Evaluation Report.

The defensive bond fund managed by Hawaiian Trust Co., Honolulu, was the top PIPER performer of 1987, with a return of 8.9%. The PIPER survey covers 290 pooled fixed-income funds run by banks and insurance companies.

A majority of funds underperformed the Shearson Lehman Government/Corporate bond index in all periods except the year. In the quarter, the median PIPER fund returned 4.7% and the index 5.8%; for the year, the median return was 2.7%, the index 2.3%; for three years, the median was 11.9%, the index 12.8%; for five years, the median was 11.3%, the index 12.2%; and for 10 years, the median was 9.9%, the index 10.3%. All returns for periods of more than one year are compound annualized.

Hawaiian Trust's $80 million fund had an average maturity of slightly more than two years as of Dec. 31, said William Barton, senior vice president and chief investment officer. It generally has 85% to 88% of its assets in collapsible guaranteed investment contracts, which can be redeemed on six-month's notice, with the rest in money market instruments.

"Its main purpose is to provide high current yield with no principal volatility," Mr. Barton said of the fund. It tends to do well when interest rates are rising, as they did for much of 1987.

In the fourth quarter, when rates fell, so did its return, to 2.2%, in the bottom 10% of the PIPER universe. In the three years ended Dec. 31, the fund was just above the bottom 10%, with a compound annual return of 9.8%. It was too new for other periods of the survey.

First Alabama Bank of Mobile's bond fund was positioned well for 1987 after shortening its average maturity, roughly to three from

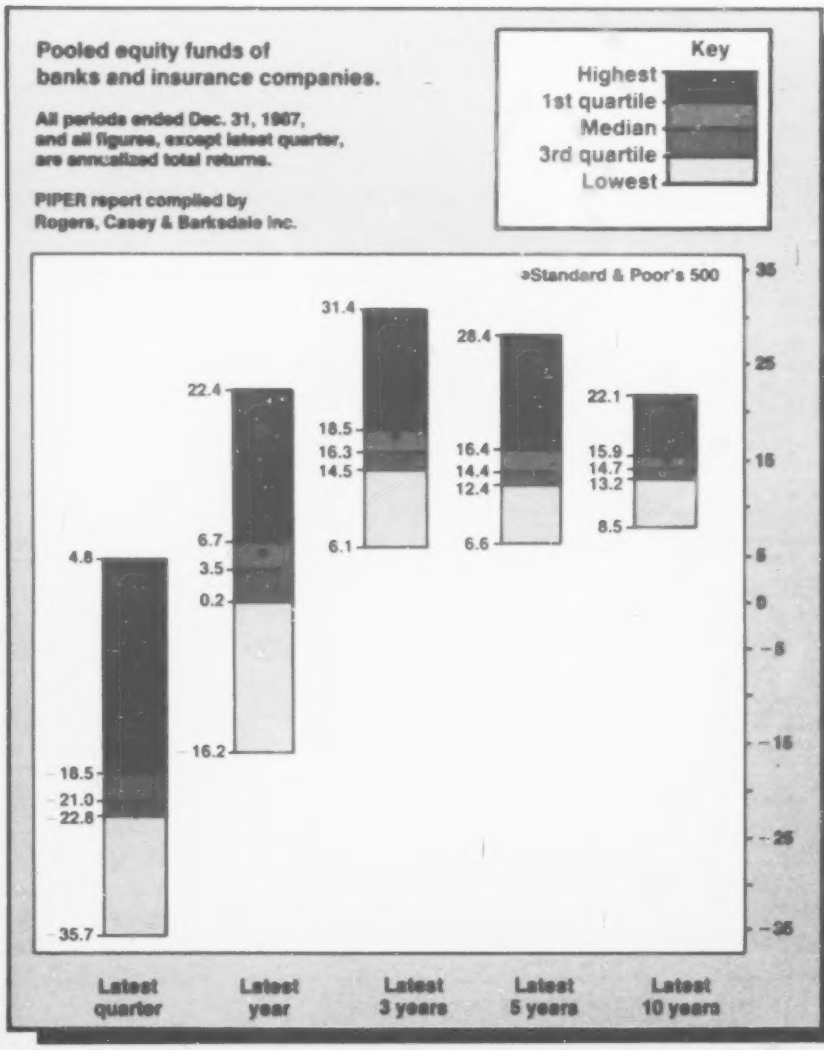
Continued on page 21

The statistical data are extracted from *Pensions & Investments' Performance Evaluation Report*, a quarterly performance evaluation published by *Pensions & Investment Age*. PIPER details comparative performance data on equity and fixed-income funds at more than 250 banks and insurance companies. PIPER is compiled by Rogers, Casey & Barksdale Inc., Stamford, Conn.

Pooled equity funds of banks and insurance companies.

All periods ended Dec. 31, 1987, and all figures, except latest quarter, are annualized total returns.

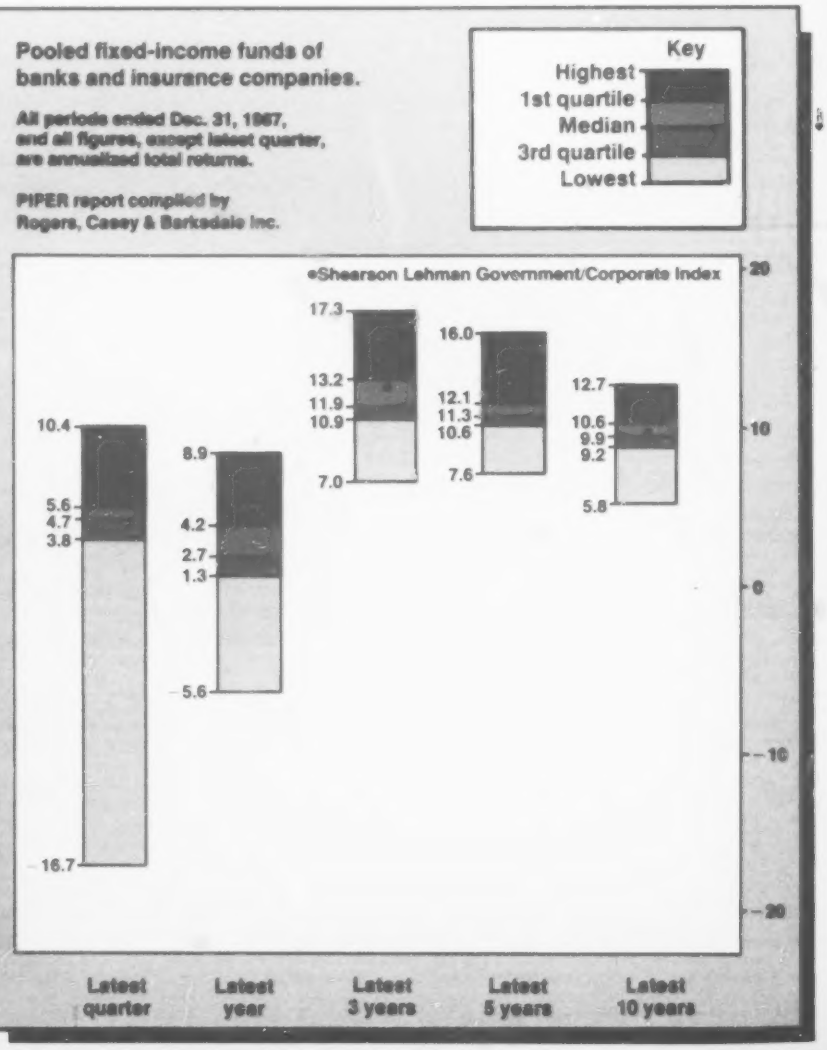
PIPER report compiled by Rogers, Casey & Barksdale Inc.



Pooled fixed-income funds of banks and insurance companies.

All periods ended Dec. 31, 1987, and all figures, except latest quarter, are annualized total returns.

PIPER report compiled by Rogers, Casey & Barksdale Inc.



PIPER

Equity performance

Cumulative periods ended 12/31/87

	No. of years			
	1	5	10	DCR
		%		
Aetna Life & Casualty, Conn.	7.7	15.1	16.3	3
Alaska Pacific Trust	9.2	14.2	(1)	—
Allied Bank, Texas	11.8	14.3	14.2	6
American Nat'l, Minn.	0.1	9.9	10.7	10
American Nat'l Bank, Ind.	4.5	12.4	12.5	9
American Nat'l Bank, (Growth), Ind.	2.8	14.2	13.5	8
American Nat'l Bank, Tenn.	7.2	15.0	14.5	6
American Nat'l Chicago (Active)	1.6	17.5	17.2	2
American Nat'l Chicago (S&P index)	5.3	16.5	15.2	4
American Security, D.C.	6.4	10.2	13.2	8
AmeriTrust (Divers.), Ohio	1.4	16.0	14.4	6
AmSouth, Ala.	0.0	11.7	15.2	5
Associated Kellogg, Wis.	5.5	13.1	13.5	8
Associated Manitowoc, Wis.	10.8	15.0	14.2	7
Bank IV Wichita, Kan.	1.8	9.7	10.3	10
Bank of America (Index), Calif.	4.9	(1)	(1)	—
Bank of Delaware (VIP)	4.4	14.4	15.2	5
Bank of New England (Valuepath)	5.1	18.5	(1)	—
Bank of New York	15.7	15.3	13.7	7
Bank of Oklahoma, Tulsa	5.8	14.0	14.6	6
Bank of the West, Calif.	16.2	12.5	(1)	—
Bank of Tokyo, N.Y.	1.8	15.7	16.2	3
Bank One, Ind.	3.0	13.2	13.0	9
Bank One, Richmond (C), Ind.	11.4	(1)	(1)	—
Bankers Trust, N.Y.	5.6	13.7	14.9	5
Bankers Trust (Index), N.Y.	5.8	16.8	15.5	4
Barnett Banks Trust Co., Fla.	0.7	16.6	(1)	—
Bessemer Trust, N.Y.	10.4	14.3	18.4	1
Beverly Bank, Ill.	22.4	13.8	14.7	6
Boatmen's FNB Kansas City, Mo.	4.7	11.8	13.1	8
Boatmen's Nat'l, Mo.	7.0	10.0	12.2	9
Calcasieu Marine Nat'l Bank (E), La.	0.8	(1)	(1)	—
Centerre Trust, Mo.	4.9	11.9	13.4	8
Central Bank Monroe, La.	7.8	(1)	(1)	—
Central Fidelity, Va.	2.5	14.3	14.4	6
Chase Investors (OMB index), N.Y.	5.1	16.5	15.3	4
Chase Investors (Index), N.Y.	5.2	(1)	(1)	—
Chase Manhattan (B), N.Y.	3.9	13.4	15.1	5
Chemical Bank (Z), N.Y.	5.2	(1)	(1)	—
Chicago Title & Trust	2.4	13.8	14.6	6
CIGNA Corp. (SA A), Conn.	2.8	12.4	15.8	3
Citicorp, N.Y.	5.4	14.7	16.0	3
Citicorp (Indexplus), N.Y.	6.4	16.7	(1)	—
Citicorp (Integrated), N.Y.	5.2	(1)	(1)	—
Citicorp (Stockshift 100), N.Y.	10.0	(1)	(1)	—
Citicorp (Stockshift 200), N.Y.	17.5	(1)	(1)	—
Citicorp (Styleshift), N.Y.	10.3	(1)	(1)	—
Citizens Chillicothe (Emp.B), Mo.	1.2	9.8	18.7	1
Citizens Fidelity (Tr. E), Ky.	7.3	16.9	15.5	4
Citizens Heritage (Ciran), Ohio	20.1	(1)	(1)	—
Citizens & Southern, Ga.	0.2	12.3	12.0	10
Citytrust (E1), Conn.	0.1	15.7	15.6	3
CNA Insurance (SA A), Ill.	6.5	14.4	11.9	10
College Ret. Equities Fund	5.3	17.5	15.7	3
Colorado Nat'l Bank	5.2	16.6	16.1	3
Columbus Bank & Trust, Ga.	1.0	11.8	(1)	—
Commerce Bank St. Louis, Mo.	0.3	14.6	13.9	7
Commerce Bank-K.C., Mo.	5.1	12.4	12.4	9
Confederation Life, Ontario	7.7	16.0	18.1	1
Connecticut Bank & Trust	2.0	13.1	14.1	7
Connecticut Mutual Life (OM)	3.5	15.5	15.2	5
Connecticut Mutual Life (OM select)	9.3	(1)	(1)	—
Connecticut Nat'l Bank	0.2	11.4	12.1	10
Continental Bancorp, Pa.	6.8	16.8	17.2	2
Continental Illinois	1.3	11.1	13.0	8
Crown Life (U.S. grp.), Ontario	15.0	13.7	14.4	6
Cullen Bank, Texas	5.2	18.7	14.9	5
C&S Trust Florida	3.5	16.4	16.5	2
Dauphin Deposit (Corp.), Pa.	1.8	15.6	(1)	—
Dominion Trust (Corp), Va.	7.6	17.0	15.4	4
Employers Life of Wausau (SA 1), Wis.	3.4	8.5	16.3	3
Equibank, Pa.	3.6	9.1	9.2	10
Equitable Bank, Md.	7.6	8.2	12.4	9
Equitable Capital (10), N.Y.	4.9	(1)	(1)	—
Equitable Life (No. 1), N.Y.	2.6	12.0	13.9	7
Equitable Life (No. 4), N.Y.	6.2	13.8	17.9	1
Equitable Life (Q-vest 18), N.Y.	8.1	14.5	15.9	3
EF Hutton Trust (A), Del.	0.1	(1)	(1)	—
EF Hutton Trust (1), Del.	7.1	(1)	(1)	—
EF Hutton Trust (2), Del.	5.6	(1)	(1)	—
EF Hutton Trust (6), Del.	0.8	(1)	(1)	—
Fidelity Mgmt. Trust (Income), Mass.	1.7	16.7	(1)	—
Fifth Third Bank, Ohio	0.8	13.3	15.2	4
First Alabama Bank (I)	13.2	17.4	15.6	3
First Alabama, Mobile	14.1	16.7	13.9	7
First Bank Milwaukee	6.1	10.8	13.5	8
First City Nat'l Houston	8.7	13.8	15.4	4
First Fidelity Bank (Disc.), N.J.	17.1	18.8	18.5	1
First Fidelity Bank, N.J.	18.0	17.0	16.5	2
First Florida Bank	3.9	12.7	12.5	9
First Illinois (Corp.)	12.3	(1)	(1)	—
First Illinois (Personal)	12.5	(1)	(1)	—
First Interstate Billings, Mont.	0.0	(1)	(1)	—
First Interstate of Arizona	5.3	13.0	13.4	8
First Interstate of California	5.9	10.3	12.1	9
First Interstate of Oklahoma	12.0	16.3	18.8	1
First Interstate of Oregon	0.2	18.8	16.5	2
First Interstate of Washington	4.3	14.5	16.1	3
First Jersey Nat'l, N.J.	5.0	15.9	14.7	6
First Kentucky Trust (Ret.)	4.7	14.8	15.0	5
First Nat'l Lincoln, Neb.	8.8	15.6	16.2	3
First Nat'l of Tulsa, Okla.	1.6	8.9	11.9	10
First of America (Con. value), Mich.	11.2	(1)	(1)	—
First of America, Mich.	3.2	18.9	16.6	2
First of Boston	0.4	(1)	(1)	—
First of Chicago	19.2	16.9	14.9	5
First of Cincinnati, Ohio	5.0	12.2	13.3	8
First of Elgin (A), Ill.	10.5	(1)	(1)	—
First of Elgin (C), Ill.	11.0	12.8	13.6	7
First of Kenosha (CT4001), Wis.	4.2	9.5	11.0	10
First of Maryland	9.7	15.6	15.2	5
First of Minneapolis	0.4	11.8	11.1	10
First of Neenah, Wis.	5.4	16.6	15.2	5
First of Neenah, Wis.	3.8	16.2	15.2	4
First of Toledo, Ohio	1.0	10.0	11.2	10
First Pennsylvania Bank	5.6	11.6	12.3	9
First RepublicBank (Income), Texas	0.9	(1)	(1)	—
First RepublicBank, Texas	7.0	11.5	13.9	7
First RepublicBank, Texas	0.9	19.3	16.6	2
First Security Nat'l Bank (D), Ky.	5.9	14.2	(1)	—
First Trust Co., Minn.	1.0	11.4	13.1	8
First Union Bank, N.C.	0.4	19.0	19.1	1
First United Trust Co. (G), Ill.	9.2	13.7	12.2	9
First Variable Life, Ark.	3.6	13.2	15.9	3
First Wachovia Bank, N.C.	5.6	14.7	13.6	7
First Wachovia Bank (Mgmt.), N.C.	6.2	12.2	(1)	—
First Wisconsin Trust (Income)	6.4	16.1	15.2	5
First Wisconsin Trust (Index)	5.3	(1)	(1)	—
Frost Nat'l, (A), Texas	6.9	18.0	12.3	9
Gary Wheaton Bank, Ill.	1.8	12.1	13.7	7
Gary Wheaton Bank (Hedged), Ill.	2.6	(1)	(1)	—
General American (Index), Mo.	6.0	(1)	(1)	—
Greeley Nat'l, Colo.	9.0	9.0	8.5	10
Guardian Insurance (VA 1), N.Y.	3.4	19.2	19.4	1
Hamilton Bank, Pa.	2.6	14.4	15.0	5
Harris Trust, Ill.	4.4	13.6	13.7	7
Harris Trust (Low p/e), Ill.	2.5	(1)	(1)	—
Hawaiian Trust	6.9	13.9	14.5	6
Hibernia Nat'l, La.	5.9	12.2	12.4	9
Home Life, N.Y.	2.7	10.3	16.4	2
HT Investors, R.I.	5.3	14.2	15.1	5
IAA Trust Co.	9.6	14.6	15.8	3
IDS Trust Co. (A), Minn.	9.2	16.9	(1)	—
Imperial Trust Co., Calif.	2.4	(1)	(1)	—
Indiana Nat'l Bank	2.9	11.8	13.3	8
Irving Trust, N.Y.	7.1	16.4	14.6	6
Jefferson Trust (CT growth), Ill.	7.3	14.6	13.1	8
John Hancock (1K), Mass.	6.2	17.1	(1)	—
John Hancock (1L), Mass.	2.6	16.4	(1)	—
Key Trust Co., N.Y.	4.7	12.2	12.5	9
Lake Shore Nat'l, Ill.	1.9	16.6	17.1	2
LaSalle Nat'l (Core), Ill.	4.9	(1)	(1)	—
LaSalle Nat'l (Intrinsic), Ill.	4.6	17.5	(1)	—
Liberty Nat'l, Ky.	1.1	(1)	(1)	—
Liberty Nat'l, Okla.	10.2	14.9	15.3	4
Long Island Trust, N.Y.	3.1	9.9	13.8	7
Manufacturers Detroit	1.2	17.8	17.4	1
Manufacturers Hanover (Gr. tr.), N.Y.	3.1	11.0	13.3	8
Manufacturers Life, Ontario	5.0	14.0	20.8	1
Massachusetts Mutual	2.5	16.3	16.6	2
Mellon Bank, Pa.	6.0	18.9	14.6	6
Mercantile Bank, Mo.	1.2	17.0	14.2	6
Mercantile Nat'l, Ind.	4.3	7.7	(1)	—
Mercantile Safe, Md.	3.9	16.4	15.5	4
Merchants Nat'l (2), Ind.	2.5	14.8	13.8	7
Merchants Nat'l (I), Ind.	2.8	11.1	12.6	9
Meridian Trust, Pa.	2.3	15.4	14.4	6
Metropolitan Life (SA 40), N.Y.	2.7	(1)	(1)	—
Mich. Nat'l of Grand Rapids	6.4	8.7	10.2	10
Midlantic Nat'l, N.J.	6.5	11.2	(1)	—
Mid-State Bancorp, Pa.	1.9	14.2	14.8	5
Minnesota Mutual (SA C)	3.5	10.0	12.4	9
Morgan Guaranty, N.Y.	6.6	16.2	(1)	—
Morgan Guaranty (Large co.), N.Y.	5.4	17.8	14.3	6
MTrust (Growth), Texas	18.3	16.2	18.5	1
MTrust (Value), Texas	4.8	17.5	16.4	2
Mutual Benefit, N.J.	2.7	15.2	14.9	5
Mutual of America (SA 1), N.Y.	3.9	13.1	(1)	—
Mutual of America (SA 2), N.Y.	10.2	(1)	(1)	—
Mutual Service Life (SA B), Minn.	0.2	14.6	(1)	—
Nationwide Life Ins.	1.8	17.3	16.9	2
Nat'l Bank of Detroit	3.2	13.7	12.3	9
Nat'l Bank of Commerce, Neb.	1.9	14.6	18.4	1
Nat'l City Cleveland	5.6	15.3	16.5	2
Nevada Nat'l Bank	3.2	(1)	(1)	—
New England Mutual, Mass.	3.6	11.7	14.9	5
New England Mutual (Growth), Mass.	17.7	16.6	20.2	1
New York Life Ins. (SA 6)	3.7	(1)	(1)	—
New York Life Ins. (SA 1)	7.3	11.6	11.6	10
Norstar Trust Co., N.Y.	10.8	15.9	16.1	3
Northern States Trust Co., Ill.	3.1	(1)	(1)	—
Northern Trust (Divers.), Ill.	0.8	12.4	14.3	6
Old Second Nat'l, Ill.	1.0	13.2	13.2	8
Oregon Bank	0.4	14.4	12.9	9
Pacific Inland Bank, Calif.	0.2	(1)	(1)	—
Pacific Mutual, Calif.	3.7	11.1	13.1	8
Penn Mutual Life (SA A), Pa.	4.3	14.6	15.4	4
Philadelphia Nat'l, Pa.	6.7	15.3	17.5	1
Philadelphia Nat'l, Pa.	2.3	17.6	15.4	4
Phoenix Mutual, Conn.	19.8	17.0	17.0	2
Pioneer Bank, Ill.	8.9	17.4	(1)	—
Pittsburgh Nat'l (QMS)	0.3	13.8	(1)	—
Planters Nat'l (B), N.C.	0.9	9.6	12.9	9
Principal Mutual Life, Iowa	5.4	17.4	17.1	2
Provident Bank, Ohio	3.9	9.4	11.4	10
Provident Mutual (SA 1), Pa.	1.5	12.4	13.7	7
Provident Nat'l, Pa.	0.8	17.6	17.4	1
Prudential (PRIDEX-W-5000), N.J.	0.4	13.5	(1)	—
Prudential (PRIFORM-low p/e), N.J.	7.8	15.4	(1)	—
Prudential (VCA-9), N.J.	6.7	13.0	14.2	6
Puget Sound Nat'l, Wash.	5.3	13.3	14.5	6
Resource Bank & Trust, Minn.	4.2	10.5	(1)	—
SeaFirst Bank, Wash.	5.2	10.2	13.7	7
Security Nat'l Bank, W.Va.	6.1	13.4	(1)	—
Security Pacific (E), Calif.	18.0	10.2	(1)	—
Security Pacific, Calif.	2.7	(1)	(1)	—
Security Pacific (Income-B), Calif.	0.7	14.4	(1)	—
Shawmut Bank, Mass.	3.2	13.3	(1)	—
Signet Bank/Maryland (D)	0.8	12.5	14.1	7
Signet Trust Co.	3.1	16.5	16.1	3
Society Nat'l (Ret. value), Ohio	5.2	16.3	14.8	5
South Carolina Nat'l	9.0	(1)	(1)	—
Southeast Bank, Fla.	1.0	14.8	15.4	4
Southtrust Bank, Ala.	7.3	13.1	11.2	10
Sovran Bank (Inst.), Va.	9.2	17.5	15.1	5
State Street Bank, Mass.	4.2	15.4	15.7	3
State Street Bank (Matrix Synthesis)	4.6	(1)	(1)	—
State Street Bank (S&P index), Mass.	5.2	16.4	15.2	4
State Street Bank (Value 1), Mass.	1.3	(1)	(1)	—
Stock Yards Bank (Emp. benefit), Ky.	5.5	(1)	(1)	—
Stock Yards Bank (Trust), Ky.	11.0	(1)	(1)	—
Summit Bank, Ind.	1.3	12.4	13.1	8
Summit Trust Co., N.J.	14.2	15.6	12.0	10
Sun Bank, N.J.	16.3	28.4	22.1	1
Texas Commerce (Divers.)	6.4	15.7	17.1	2
Third Nat'l Nashville, Tenn.	6.0	6.6	11.1	10
Toledo Trust, Ohio	3.3	14.7	13.1	8
Travelers, Conn.	0.7	11.2	13.2	8
Trust Co. of West (Stategy), Calif.	2.8	(1)	(1)	—
Unibanctrust, Ill.	7.6	13.3	15.8	3
Union Nat'l Wichita, Kan.	4.0	6.7	10.1	10
U.S. Nat'l of Galveston, Texas	2.1	16.4	17.5	1
U.S. Nat'l of Oregon (Qualivest)	8.9	15.6	18.4	1
Valley Fidelity, Tenn.	0.6	13.3	15.5	4
Valley Nat'l (I), Ariz.	12.0	16.2	13.8	7
Wellington Trust (Divers.), Mass.	9.1	15.8	(1)	—
Wellington Trust (Income), Mass.	2.6	(1)	(1)	—
Wells Fargo (Index), Calif.	5.2	16.6	15.3	4
Wells Fargo (Tilts & Timing), Calif.	2.1	(1)	(1)	—
Wheeling Dollar Bank, W.Va.	10.8	15.8	17.1	2
Wilmington Trust (Growth), Del.	2.9	(1)	(1)	—
Wilmington Trust (Total return), Del.	7.1	(1)	(1)	—
Wilmington Trust (Value), Del.	1.3	(1)	(1)	—
Standard & Poor's 500 Index	**5.3**	**16.5**	**15.3**	**4**

Fixed-income performance

Cumulative periods ended 12/31/87

	No. of years			
	1	5	10	DCR
		%		
Aetna Life & Cas. (SA 76), Conn.	2.7	12.3	(1)	—
Alaska Pacific Trust	4.2	10.5	(1)	—
American Nat'l, Minn.	2.1	11.3	10.6	3
American Nat'l Bank, Ind.	1.4	9.7	9.8	6
American Nat'l Bank (Income), Ind.	1.2	8.8	8.7	9
American Nat'l Bank, Tenn.	1.9	12.0	10.9	2
American Security, D.C.	2.9	13.1	12.0	1
AmeriTrust, Ohio	2.7	11.1	9.2	8
AmeriTrust (Reserve), Ohio	5.3	10.2	11.1	2
AmSouth, Ala.	1.2	12.1	8.9	9
AmSouth (Ltd. mat.), Ala.	6.3	9.9	(1)	—
Associated Kellogg, Wis.	4.4	10.8	9.6	7
Associated Manitowoc (High inc.), Wis.	0.1	11.5	9.8	6
Bank IV Wichita, Kan.	1.3	11.2	12.3	1
Bank of America, Calif.	3.6	11.6	9.0	8
Bank of Delaware	2.9	10.0	8.9	9
Bank of New England, Mass.	0.5	11.6	11.0	2
Bank of New York	1.0	11.1	9.8	6
Bank of Oklahoma, Tulsa	1.2	10.4	8.4	10
Bank of Tokyo (Inter.), N.Y.	2.3	11.1	(1)	—
Bank One, Ind.	2.8	11.6	9.4	8
Bankers Trust (A), N.Y.	2.8	11.7	10.8	2
Bankers Trust (B), N.Y.	3.6	1.5	11.0	2
Bessemer Trust, N.Y.	2.4	11.7	10.4	4
Beverly Bank, Ill.	2.4	13.7	12.1	1
Boatmen's FNB Kansas City, Mo.	1.8	11.2	(1)	—
Boatmen's Nat'l, Mo.	1.8	10.6	11.1	2
Calcasieu Marine Nat'l (E), La.	0.6	(1)	(1)	—
Centerre Trust, Mo.	3.2	13.6	11.9	1
Central Bank Monroe, La.	4.6	(1)	(1)	—
Central Fidelity, Va.	4.6	13.8	11.3	1
Central Fidelity Bank (Short), Va.	6.4	(1)	(1)	—
Chase Investors (CMB index), N.Y.	2.1	(1)	(1)	—
Chase Manhattan (A), N.Y.	4.5	11.0	9.7	7
Chase Manhattan (Inter.), N.Y.	2.4	(1)	(1)	—
Chase Manhattan (Long-term), N.Y.	0.3	(1)	(1)	—
Chase Manhattan (Sec. mtg.), N.Y.	2.9	(1)	(1)	—
Chase Manhattan (Short-inter.), N.Y.	6.3	(1)	(1)	—
Chemical Bank (2), N.Y.	1.3	(1)	(1)	—
Chicago Title & Trust	3.3	12.0	9.8	6
CIGNA Corp. (Active), Conn.	0.3	12.6	10.6	3
CIGNA Corp. (Inter.), Conn.	2.0	12.6	10.6	3
Citicorp, N.Y.	2.0	12.9	10.6	3
Citizens Commi. & Svgs. (Inter.), Mich.	2.5	11.9	10.0	5
Citizens Fidelity, Ky.	3.2	10.7	10.4	4
Citizens & Southern, Ga.	1.8	11.3	8.5	10
Citytrust (E3), Conn.	2.4	10.5	9.3	8
Colorado Nat'l Bank	3.6	13.1	10.3	4
Columbus Bank & Trust, Ga.	6.0	12.5	(1)	—
Commerce Bank St. Louis, Mo.	2.9	10.6	9.9	5
Commerce Bank K.C., Mo.	0.5	10.2	8.7	9
Commerce Union, Tenn.	6.8	9.9	11.1	2
Confederation Life (Amer.), Ontario	2.8	11.6	9.4	7
Connecticut Bank & Trust	1.9	10.8	8.3	10
Connecticut Nat'l Bank	0.5	13.9	10.9	2
Connecticut Nat'l Bank	1.2	12.1	(1)	—
Continental Bancorp, Pa.	4.4	8.5	8.1	10
Continental Illinois	2.1	11.7	8.9	9
Continental Illinois (Inter.)	3.9	10.9	9.5	7
Crown Life (U.S. grp.), Ontario	0.2	10.4	8.7	9
Cullen Bank, Texas	4.8	11.3	11.0	2
C&S Trust Florida	2.1	11.4	10.5	4
Dauphin Deposit (Corp.), Pa.	1.9	11.7	(1)	—
Dauphin Deposit (Short), Pa.	6.4	(1)	(1)	—
Delaware Trust	3.4	16.0	(1)	—
Equibank, Pa.	2.3	10.1	9.0	9
Equitable Bank, Md.	0.1	11.0	8.2	10
Equitable Life (5), N.Y.	5.9	13.9	9.8	6
Exchange Nat'l Bank	4.4	12.2	10.1	5
EF Hutton Trust (A), Del.	2.7	(1)	(1)	—
EF Hutton Trust (B), Del.	0.3	(1)	(1)	—
EF Hutton Trust (2), Del.	0.8	(1)	(1)	—
EF Hutton Trust (Inter. govt. B), Del.	2.4	(1)	(1)	—
Fidelity Bank, Pa.	0.8	11.8	12.1	1
Fifth Third Bank, Ohio	1.7	11.7	(1)	—
First Alabama, Mobile	8.8	14.3	10.0	5
First Bank of Milwaukee	1.1	11.3	10.7	3
First City Nat'l Houston	2.2	11.8	9.6	7
First Fidelity, N.J.	0.2	10.3	8.9	9
First Fidelity (Inter.), N.J.	3.8	10.2	10.4	4
First Florida Bank	2.8	10.7	9.8	6
First Interstate of Arizona	3.1	13.8	11.3	2
First Interstate of California	2.4	13.0	11.4	1
First Interstate of Oklahoma	3.6	10.6	7.6	10
First Interstate of Oregon	2.4	11.4	9.9	6
First Interstate of Washington	0.6	11.2	9.5	7
First Jersey Nat'l, N.J.	0.7	11.8	11.3	2
First Kentucky Trust (Ret.)	3.7	13.3	11.6	1
First Nat'l Lincoln, Neb.	3.2	11.9	10.1	5
First Nat'l of Tulsa, Okla.	1.1	9.1	8.6	9
First of America, Mich.	0.8	8.0	8.5	9
First of Boston (Inter.)	0.6	11.3	9.0	8
First of Chicago	4.6	13.1	10.6	3
First of Chicago (Dollar)	2.1	13.5	(1)	—
First of Cincinnati (Unrestr.)	1.3	11.0	9.2	8
First of Cincinnati (Inter.)	3.8	9.6	(1)	—
First of Elgin (D), Ill.	5.8	8.7	9.2	8
First of Elgin (D1), Ill.	6.7	9.8	(1)	—
First of Kenosha (CT4002), Wis.	3.0	7.6	5.8	10
First of Maryland	4.8	12.1	10.8	3
First of Minneapolis	0.6	9.8	8.3	10
First of Neenah (Inter.), Wis.	3.9	10.5	10.3	4
First of Neenah (Long term), Wis.	4.6	11.3	10.7	3
First of Neenah (Mtg.), Wis.	6.3	12.2	(1)	—
First of Toledo, Ohio	3.0	10.3	9.9	6
First Pennsylvania Bank	1.5	9.2	8.5	9
First Security Nat'l Bank (F), Ky.	0.3	10.1	(1)	—
First Trust Co., Minn.	1.0	10.6	9.5	7
First Union Bank, N.C.	4.7	11.4	9.7	7
First Union Bank (1), N.C.	6.4	(1)	(1)	—
First United Trust (I), Ill.	2.0	10.3	9.0	8
First Variable Life, Ark.	4.5	14.4	(1)	—
First Variable Life (H.Q.), Ark.	0.9	13.3	(1)	—
First Wachovia Bank, N.C.	2.7	11.7	10.5	4
First Wisconsin Trust (Inter.)	1.9	11.7	9.7	7
First Wisconsin Trust (Passive inter.)	4.3	(1)	(1)	—
First Wisconsin Trust (Index)	2.7	(1)	(1)	—
FirstRepublicBank, Texas	1.5	11.9	9.5	7
Frost Nat'l, Texas	1.0	10.7	9.0	8
Gary Wheaton Bank, Ill.	1.4	11.2	10.1	5
General American (SA 8), Mo.	0.7	12.1	(1)	—
General American (SA 9), Mo.	4.3	13.0	(1)	—
Greeley Nat'l, Colo.	3.6	11.1	10.1	5
Hamilton Bank, Pa.	3.0	12.6	(1)	—
Harris Trust, Ill.	4.5	12.5	9.3	8
Harris Trust (Gain), Ill.	5.4	(1)	(1)	—
Hawaiian Trust	5.6	9.8	9.3	8
Hawaiian Trust (Defensive)	8.9	9.6	(1)	—
Hibernia Nat'l, La.	1.4	11.4	11.7	1
Home Life, N.Y.	3.5	(1)	(1)	—
HT Investors, R.I.	5.4	12.1	9.4	8
HT Investors (A), R.I.	1.7	(1)	(1)	—
IAA Trust Co. (B), Ill.	3.0	14.6	10.7	3
Imperial Trust Co., Calif.	1.6	(1)	(1)	—
Indiana Nat'l Bank	3.0	11.6	10.6	3
Irving Trust, N.Y.	1.3	10.9	9.8	6
Jefferson Trust, Ill.	3.5	10.3	10.5	4
John Hancock, Mass.	2.9	13.1	10.9	2
Key Trust Co., N.Y.	1.1	12.9	10.5	4
Lake Shore Nat'l, Ill.	3.4	10.5	8.9	9
LaSalle Nat'l (Inter.), Ill.	2.4	11.3	8.9	9
LaSalle Nat'l (Long term), Ill.	1.4	(1)	(1)	—
Liberty Nat'l, Ky.	2.4	12.4	10.0	5
Liberty Nat'l, Okla.	1.5	10.7	8.3	10
Life of Virginia	1.2	13.9	11.5	1
Long Island Trust, N.Y.	3.3	9.8	8.1	10
Manufacturers Detroit	2.1	12.2	11.1	2
Manufacturers Detroit (Inter. H)	5.0	11.1	(1)	—
Manufacturers Hanover (Gr. tr.), N.Y.	1.0	10.9	11.1	2
Manufacturers Life (B), Ontario	1.1	10.8	(1)	—
Massachusetts Mutual	2.8	12.1	10.4	4
Mellon Bank, Pa.	2.0	12.1	10.4	4
Mercantile Bank, Mo.	0.0	11.3	10.7	3
Mercantile Nat'l, Ind.	3.2	8.7	(1)	—
Mercantile Safe, Md.	6.3	11.6	10.6	3
Mercantile Safe (Inter.), Md.	6.3	11.2	(1)	—
Merchants Nat'l, Ind.	2.5	10.5	9.8	6
Meridian Trust, Pa.	2.2	11.2	(1)	—
Metropolitan Life (SA 41), N.Y.	0.2	(1)	(1)	—
Mich. Nat'l of Grand Rapids	5.4	11.5	9.3	8
Midlantic Nat'l, N.J.	4.1	11.9	9.6	7
Mid-State Bancorp, Pa.	5.6	11.6	11.0	2
Minnesota Mutual (SA E)	3.5	10.9	9.6	7
Morgan Guaranty, N.Y.	4.2	13.3	11.4	1
MTrust, Texas	2.8	11.1	8.8	9
Nat'l Bank of Detroit	2.3	11.8	10.2	5
Nat'l Bank of Commerce, Neb.	3.3	12.5	9.8	6
Nat'l City Cleveland	1.0	10.4	9.0	8
Nevada Nat'l Bank	4.2	(1)	(1)	—
New England Mutual, Mass.	1.3	10.6	8.5	10
New York Life (Convertible)	5.4	(1)	(1)	—
New York Life Ins. (SA 4)	3.7	(1)	(1)	—
Norstar Trust, N.Y.	5.4	12.6	10.1	5
Northern Trust, Ill.	2.8	12.5	10.0	5
Northern Trust (Inter.), Ill.	3.4	9.9	11.3	2
Old Second Nat'l, Ill.	2.7	11.3	9.5	7
Old Second Nat'l (HR 10)	3.0	11.0	9.7	6
Oregon Nat'l	1.6	11.7	10.5	3
Pacific Financial Co. (Hyr.), Calif.	7.5	(1)	(1)	—
Pacific Inland Bank, Calif.	0.0	(1)	(1)	—
Pacific Mutual, Calif.	5.1	13.3	12.1	1
Philadelphia Nat'l	3.0	12.4	10.3	5
Philadelphia Nat'l	3.2	8.3	6.5	10
Phoenix Mutual, Conn.	1.6	(1)	(1)	—
Pioneer Bank, Ill.	3.3	10.1	(1)	—
Principal Mutual Life, Iowa	4.1	(1)	(1)	—
Provident Nat'l, Pa.	1.0	11.3	10.0	5
Prudential (VCA 8), N.J.	5.2	11.1	(1)	—
Puget Sound Nat'l, Wash.	2.1	8.7	8.9	9
SeaFirst Bank, Wash.	3.1	11.5	11.9	1
Security Nat'l Bank, W.Va.	2.5	9.6	(1)	—
Security Pacific, Calif.	2.1	(1)	(1)	—
Sentry Life (SA D), Wis.	3.4	(1)	(1)	—
Shawmut Bank, Mass.	3.3	12.2	(1)	—
Shawmut Bank (Inter.), Mass.	4.8	10.2	(1)	—
Signet Bank/Maryland (Short term)	6.1	10.8	(1)	—
Society Nat'l, Ohio	4.5	12.7	10.6	3
South Carolina Nat'l (Inter. F.)	1.7	(1)	(1)	—
Southeast Bank, Fla.	1.7	11.5	9.7	7
Southtrust Bank, Ala.	3.9	11.2	9.9	5
Sovran Bank (Inst.), Va.	4.5	13.5	12.7	1
State Bank & Trust (D), Ohio	2.5	(1)	(1)	—
State Street Bank, Mass.	1.3	12.2	9.8	6
Summit Bank, Ind.	3.6	9.3	8.1	10
Summit Trust Co., N.J.	5.9	11.4	10.4	4
Sun Bank, Fla.	0.8	11.4	9.7	6
Sunburst Bank, Miss.	2.2	13.2	8.5	10
Texas Commerce (Active)	1.9	11.2	11.9	1
Texas Commerce (Low vol.)	5.8	11.3	(1)	—
Third Nat'l Nashville, Tenn.	3.3	9.7	9.2	8
Toledo Trust, Ohio	2.3	12.0	10.7	3
Transamerica Life (SA T-2), Calif.	4.1	(1)	(1)	—
Travelers (SA D), Conn.	4.2	12.1	(1)	—
Travelers (SA P), Conn.	0.1	12.7	10.4	4
Trust Co. of the West (Convert. strat.)	1.0	(1)	(1)	—
Trust Co. of the West (Convert. value)	1.3	(1)	(1)	—
Trust Co. of the West (High yield)	5.6	(1)	(1)	—
Trustmark Nat'l, Miss.	8.7	12.4	10.5	3
Unibanctrust, Ill.	4.4	10.1	9.4	7
U.S. Nat'l of Oregon (Qualivest)	2.5	11.4	8.9	9
Valley Fidelity, Tenn.	5.5	10.9	10.0	5
Valley Nat'l (II), Ariz.	4.4	11.5	9.7	6
Wellington Trust (Inter.), Mass.	1.7	11.9	(1)	—
Wellington Trust (Long term), Mass.	0.5	(1)	(1)	—
Wellington Trust (Mtg.), Mass.	1.4	(1)	(1)	—
Wells Fargo (Index), Calif.	2.3	(1)	(1)	—
Wheeling Dollar Bank, W.Va.	8.3	11.2	9.8	6
Wilmington Trust, Del.	8.5	8.9	8.3	10
Shearson Lehman G/C Index	**2.3**	**12.2**	**10.3**	**4**

PIPER

Top quartile commingled equity funds

3-month returns

	%
First of Elgin (C), Ill.	4.8
First of Elgin (A), Ill.	3.1
First of Chicago	2.1
Beverly Bank, Ill.	6.6
Phoenix Mutual, Conn.	7.3
Security Nat'l Bank, W.V.	8.2
First of Maryland	10.0
Calasieu Marine (E), La.	10.7
Central Bank Monroe, La.	10.9
First Alabama Bank (I)	13.0
First Interstate Oklahoma	13.1
Liberty Nat'l, Ky.	13.2
Gary Wheaton (Hedged), Ill.	13.6
First United Trust (G), Ill.	13.9
Nevada Nat'l	14.0
American Nat'l (Growth), Ind.	14.1
Bank of New York	14.5
Provident Bank, Ohio	14.7
Sovran Bank (Inst.), Va.	14.8
Dominion Trust (Corp.), Va.	14.9
Mutual Service (SA B), Minn.	15.0
First of Kenosha (CT4001), Wis.	15.2
Jefferson Trust (Growth), Ill.	15.2
Crown Life (US group), Ontario	15.4
Liberty Nat'l, Okla.	15.5
Wheeling Dollar Bank, W.Va.	15.6
First Wisconsin (Income)	15.6
Southeast Bank, Fla.	16.0
Shawmut Bank, Mass.	16.0
IAA Trust (C), Ill.	16.2
Unibanctrust, Ill.	16.3
Boatmen's Nat'l, Mo.	16.3
MTrust (Growth), Texas	16.4
Associated Kellogg, Wis.	16.4
American Nat'l Bank, Ind.	16.5
First Illinois (Personal)	16.6
Citizens Fidelity (E), Ky.	16.6
C&S Trust Florida	16.6
Colorado Nat'l	16.8
First Nat'l Lincoln, Neb.	17.0
Equibank, Pa.	17.0
First Illinois (Corp.)	17.1
First Jersey Nat'l, N.J.	17.3
Associated Manitowoc, Wis.	17.4
Central Fidelity, Va.	17.4
Northern States Trust, Ill.	17.6
Massachusetts Mutual	17.7
Connecticut Mutual (CM Select)	17.8
First Florida Bank	17.8
Stock Yards (Emp. bene.), Ky.	17.9
CNA Insurance (SA A), Ill.	18.0
First of Cincinnati	18.0
First RepublicBank (Inc.)	18.0
Mercantile Safe, Md.	18.1
Wilmington Trust (Total return)	18.1
Citicorp (Stockshift 100), N.Y.	18.2
U.S. Nat'l Oregon (Qualivest)	18.3
Summit Trust, N.J.	18.3
Bank of Delaware (VIP)	18.3
U.S. Nat'l of Galveston, Texas	18.4
First Fidelity Bank, N.J.	18.4
Fidelity Mgmt. (Inc.), Mass.	18.4
Bank of Oklahoma, Tulsa	18.4
Security Pacific (E), Calif.	18.5
Toledo Trust, Ohio	18.5
Standard & Poor's 500	**22.5**

1-year return

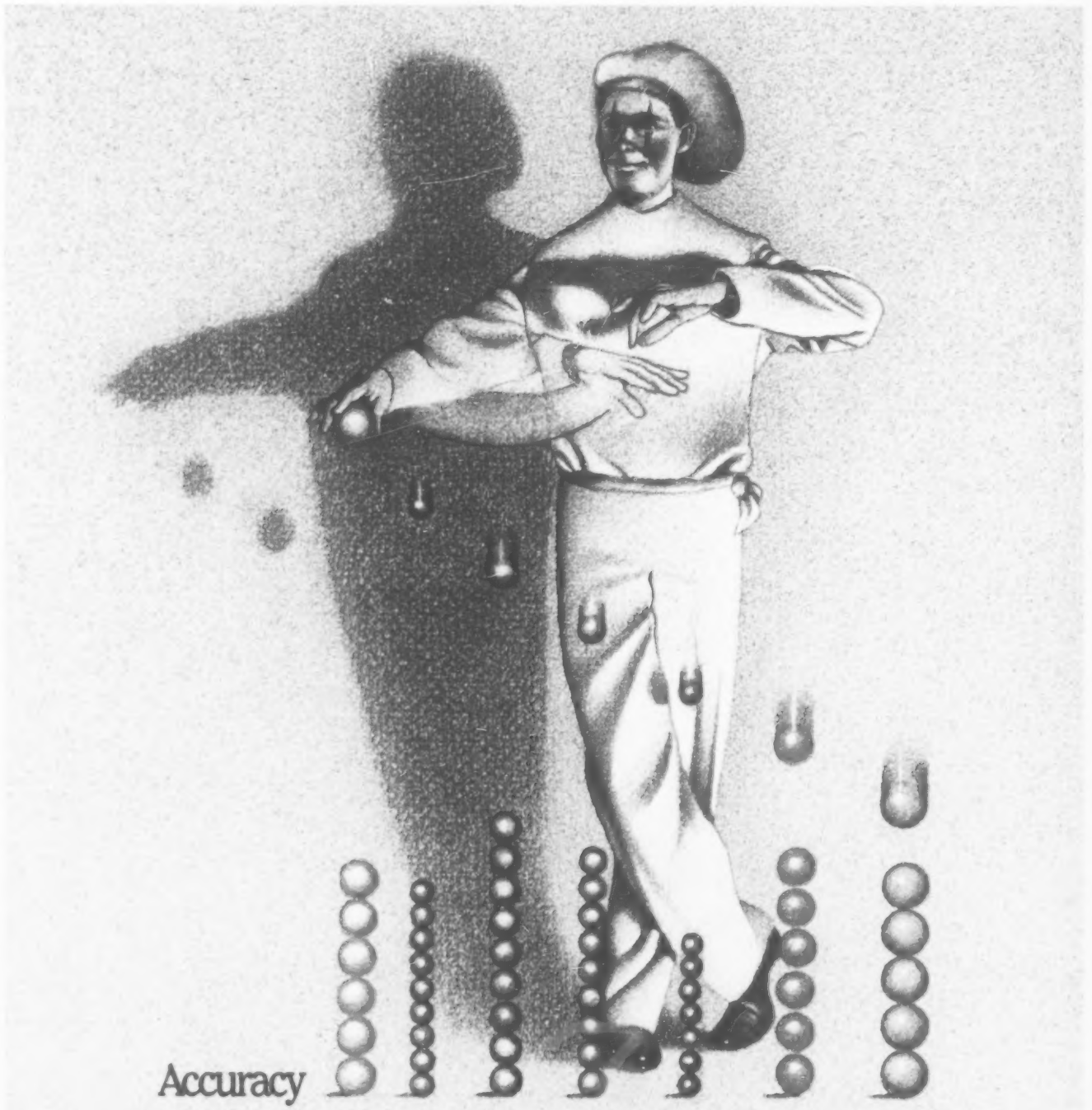
	%
Beverly Bank, Ill.	22.4
Citizens Heritage (Ciran), Ohio	20.1
Phoenix Mutual, Conn.	19.8
First of Chicago	19.2
MTrust (Growth), Texas	18.3
Security Pacific (E), Calif.	18.0
New England Mutual (Growth)	17.7
Citicorp (Stockshift 200), N.Y.	17.5
First Fidelity (Disc.), N.J.	17.1
Sun Bank, Fla.	16.3
Bank of New York	15.7
Crown Life (U.S. group), Ontario	15.0
Summit Trust, N.J.	14.2
First Alabama, Mobile	14.1
First Alabama Bank (I)	13.2
First Illinois (Personal)	12.5
First Illinois (Corp.)	12.3
First Interstate Oklahoma	12.0
Valley Nat'l (I), Ariz.	12.0
Allied Bank, Texas	11.8
Bank One, Richmond (C), Ind.	11.4
First of Elgin (C), Ill.	11.0
Norstar Trust Co., N.Y.	10.8
Wheeling Dollar Bank, W.Va.	10.8
Associated Manitowoc, Wis.	10.8
First of Elgin (A), Ill.	10.5
Bessemer Trust, N.Y.	10.4
Citicorp (Styleshift), N.Y.	10.3
Mutual of America (SA 2), N.Y.	10.2
Liberty National, Okla.	10.2
Citicorp (Stockshift 100), N.Y.	10.0
First of Maryland	9.7
IAA Trust Co. (C), Ill.	9.6
Connecticut Mutual (CM select)	9.3
IDS Trust (A), Minn.	9.2
First United Trust (G), Ill.	9.2
Sovran Bank (Inst.), Va.	9.2
Wellington Trust (Divers. gro.)	9.1
South Carolina Nat'l	9.0
Pioneer Bank, Ill.	8.9
U.S. Nat'l Oregon (Qualivest)	8.9
First Nat'l Lincoln, Neb.	8.8
First City Nat'l Houston	8.7
Equitable Life (Q-vest 18)	8.1
First Fidelity Bank, N.J.	8.0
Central Bank Monroe, La.	7.8
Confederation Life, Ontario	7.7
Aetna Life & Casualty, Conn.	7.7
Dominion Trust (Corp.), Va.	7.6
Unibanctrust, Ill.	7.6
Southtrust Bank, Ala.	7.3
Citizens Fidelity (Trust E), Ky.	7.3
Jefferson Trust (Growth), Ill.	7.3
American Nat'l Bank, Tenn.	7.2
Irving Trust, N.Y.	7.1
EF Hutton Trust (1), Del.	7.1
Wilmington Trust (Total return)	7.1
Boatman's Nat'l, Mo.	7.0
First RepbulicBank, Texas	7.0
Frost Nat'l (A), Texas	6.9
Hawaiian Trust	6.9
Continental Bancorp, Pa.	6.8
Philadelphia Nat'l	6.7
Prudential (VCA-9), N.J.	6.7
Standard & Poor's 500	**5.3**

3-year returns

	%
Sun Bank, Fla.	31.4
Bank One, Richmond (C), Ind.	23.9
South Carolina Nat'l	23.5
New England Mutual (Growth)	23.3
IDS Trust (A), Minn.	23.2
Security Pacific (E), Calif.	22.5
Puget Sound Nat'l, Wash.	22.1
EF Hutton Trust (2), Del.	21.4
Mutual of America (SA 2), N.Y.	21.4
EF Hutton Trust (1), Del.	21.4
Summit Trust, N.J.	21.3
Pioneer Bank, Ill.	21.1
Phoenix Mutual, Conn.	21.0
MTrust (Growth), Texas	20.8
Southtrust Bank, Ala.	20.6
First of Neenah, Wis.	20.5
First of Neenah, Wis.	20.5
First RepublicBank (Inc.), Texas	20.4
Barnett Banks Trust, Fla.	20.4
First Interstate of Oklahoma	20.3
Signet Trust, Va.	20.2
Continental Bancorp, Pa.	20.2
Mellon Bank, Pa.	20.2
Cullen Bank, Texas	20.1
Valley Nat'l (I), Ariz.	20.1
Morgan Guaranty (Lrg. co.), N.Y.	19.9
State Street (Matrix synthesis)	19.7
Citicorp (Indexplus), N.Y.	19.7
First Fidelity Bank, N.J.	19.7
First RepublicBank, Texas	19.7
First of Maryland	19.6
Bank of New York	19.6
College Ret. Equities Fund	19.5
Associated Manitowoc, Wis.	19.5
Citizens Fidelity (Trust E), Ky.	19.5
First Kentucky Trust	19.4
Frost Nat'l (A), Texas	19.4
Sovran Bank (Inst.), Va.	19.4
First Illinois (Corp.)	19.3
First Alabama (I)	19.2
Dominion Trust (Corp.), Va.	19.2
Philadelphia Nat'l	19.1
Morgan Guaranty, N.Y.	19.1
Liberty Nat'l, Okla.	19.0
First of Chicago	19.0
Philadelphia Nat'l	19.0
Society Nat'l (Rel. value), Ohio	18.9
First Nat'l Lincoln, Neb.	18.9
First Illinois (Personal)	18.8
Nationwide Life, Ohio	18.7
State Street (Value I), Mass.	18.7
Hawaiian Trust	18.7
Allied Bank, Texas	18.6
First Fidelity (Disc.), N.J.	18.6
First of America, Mich.	18.6
Principal Mutual Life, Iowa	18.5
EF Hutton Trust (A), Del.	18.5
Standard & Poor's 500	**18.1**

5-year returns

	%
Sun Bank, Fla.	28.4
First RepublicBank, Texas	19.3
Guardian Ins. (Var. acct.1), N.Y.	19.2
First Union Bank, N.C.	19.0
Mellon Bank, Pa.	18.9
First of America, Mich.	18.9
First Fidelity (Disc.), N.J.	18.8
First Interstate of Oregon	18.8
Cullen Bank, Texas	18.7
Bank of New England (Valuepath)	18.5
Frost Nat'l (A), Texas	18.0
Morgan Guaranty (Lrg. co.), N.Y.	17.8



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PIPER

Top equity funds by size

1-year returns

Over $100 million

	%
First of Chicago	19.2
MTrust (Growth), Texas	18.3
Bessemer Trust, N.Y.	10.4
Citicorp (Styleshift), N.Y.	10.3
U.S. Nat'l/Oregon (Qualivest)	8.9
Equitable Life (Q-vest 18), N.Y.	8.1
Aetna Life & Casualty, Conn.	7.7
Continental Bancorp, Pa.	6.8
Philadelphia Nat'l	6.7
Prudential (VCA-9), N.J.	6.7

$50 million to $100 million

	%
Phoenix Mutual, Conn.	19.4
New England Mutual (Gro.)	17.7
Bank of New York	15.7
Norstar Trust, N.Y.	10.8
IDS Trust (A), Minn.	9.2
Sovran Bank (Inst.), Va.	9.2
American Security, D.C.	6.4
Hibernia Nat'l, La.	5.9
First Wisconsin Trust (Index)	5.3
Citicorp (Integrated), N.Y.	5.2
Society Nat'l (Rel. value), Ohio	5.2

$10 million to $50 million

	%
Beverly Bank, Ill.	22.4
Citizens Heritage (Cliran)	20.1
Security Pacific (E), Calif.	18.0
Citicorp (Stockshift 200), N.Y.	17.5
First Fidelity (Disc.), N.J.	17.1
Crown Life (U.S. grp.), Ontario	15.0
Summit Trust Co., N.J.	14.2
First Alabama, Mobile	14.1
First Alabama Bank (I)	13.2
First Illinois (Personal)	12.5

Under $10 million

	%
First Illinois (Corp.)	12.3
Allied Bank, Texas	11.8
Bank One, Richmond (C), Ind.	11.4
First of Elgin (C), Ill.	11.0
Associated Manitowoc, Wis.	10.8
First of Elgin (A), Ill.	10.5
First United Trust (G), Ill.	9.2
Wellington Trust (Divers. gro.)	9.1
Pioneer Bank, Ill.	8.9
Unibanctrust, Ill.	7.6

10-year returns

Over $100 million

	%
First Union Bank, N.C.	19.1
MTrust (Growth), Texas	16.5
Bessemer Trust, N.Y.	18.4
U.S. Nat'l/Oregon (Qualivest)	18.4
Equitable Life (No.4), N.Y.	17.9
Philadelphia Nat'l	17.5
Provident Nat'l, Pa	17.4
Manufacturers Detroit	17.4
Continental Bancorp, Pa.	17.2
American Nat'l Chicago (Act.)	17.2

$50 million to $100 million

	%
Manufacturers Life, Ontario	20.8
New England Mutual (Gro.)	20.2
Phoenix Mutual, Conn.	17.0
First Interstate/Oregon	16.5
Norstar Trust, N.Y.	16j1
Mercantile Safe, Md.	15.5
AmSouth, Ala.	15.2
Sovran Bank (Inst.), Va.	15.1
New England Mutual, Mass.	14.9
Society Nat'l (Rel. val.), Ohio	14.8

$10 million to $50 million

	%
Guardian Ins. (1), N.Y.	19.4
First Interstate/Oklahoma	18.8
Citizens Chillicothe (B), Mo.	18.7
First Fidelity (Disc.), N.J.	18.5
Nat'l Bank/Commerce, Neb.	18.4
Confederation Life, Ontario	18.1
U.S. Nat'l/Galveston, Texas	17.5
Lake Shore Nat'l, Ill.	17.1
Nationwide Life Ins., Ohio	16.9
C&S Trust Florida	16.5
First Fidelity Bank, N.J.	16.5

Under $10 million

	%
Unibanctrust, Ill.	15.8
First of Neenah, Wis.	15.2
Puget Sound Nat'l, Wash.	14.5
Allied Bank, Texas	14.2
Associated Manitowoc, Wis.	14.2
Signet Bank/Maryland (D)	14.1
Long Island Trust, N.Y.	13.8
First of Elgin (C), Ill.	13.6
American Nat'l (Gro.), Ind.	13.5
Old Second Nat'l, Ill.	13.2

Manufacturers Detroit 17.8	Citizens Fidelity (E), Ky. 16.8	John Hancock (1L), Mass. 16.4	Equitable Life (No. 4), N.Y. 17.9
Philadelphia Nat'l 17.6	Continental Bancorp, Pa. 16.8	Mercantile Safe, Md. 16.4	U.S. Nat'l of Galveston, Texas 17.5
Provident Nat'l, Pa. 17.6	Bankers Trust (Index), N.Y. 16.8	U.S. Nat'l of Galveston, Texas 16.4	Philadelphia Nat'l 17.5
American Nat'l Chicago (Active) 17.5	Fidelity Mgmt. Trust (Inc.), Mass. 16.7		Provident Nat'l, Pa. 17.4
LaSalle Nat'l (Intrinsic value), Ill. 17.5	Citicorp (Indexplus), N.Y. 16.7	**10-year returns**	Manufacturers Detroit, Mich. 17.4
MTrust (Value), Texas 17.5	First Alabama, Mobile 16.7	%	Continental Bancorp, Pa. 17.2
Sovran Bank (Inst.), Va. 17.5	First of Neenah, Wis. 16.6	Sun Bank, Fla. 22.1	American Nat'l Chicago (Active) 17.2
College Ret. Equities Fund 17.5	Lake Shore Nat'l, Ill. 16.6	Manufacturers Life, Ontario 20.8	Lake Shore Nat'l, Ill. 17.1
Principal Mutual Life, Iowa 17.4	New England Mutual (Growth) 16.6	New England Mutual (Growth) 20.2	Principal Mutual Life, Iowa 17.1
First Alabama Bank (I) 17.4	Colorado Nat'l Bank 16.6	Guardian Ins. (Var. acct. 1), N.Y. 19.4	Texas Commerce (Divers.) 17.1
Pioneer Bank, Ill. 17.4	Barnett Banks Trust, Fla. 16.6	First Union Bank, N.C. 19.1	Wheeling Dollar Bank, W.Va. 17.1
Nationwide Life Ins., Ohio 17.3	Wells Fargo (Index), Calif. 16.6	First Interstate/Oklahoma 18.8	Phoenix Mutual, Conn. 17.0
John Hancock (1K), Mass. 17.1	Chase Investors (CMB index) 16.5	Citizens Chillicothe (Emp. B), Mo. 18.7	Nationwide Life Ins., Ohio 16.9
Phoenix Mutual, Conn. 17.0	American Nat'l Chicago (S&P) 16.5	First Fidelity (Disc.), N.J. 18.5	Massachusetts Mutual 16.6
Dominion Trust (Corp.), Va. 17.0	Signet Trust, Va. 16.5	MTrust (Growth), N.J. 18.5	First of America, Mich. 16.6
Mercantile Bank, Mo. 17.0	**Standard and Poor's 500 16.5**	Bessemer Trust, N.Y. 18.4	First RepublicBank, Texas 16.6
First Fidelity Bank, N.J. 17.0	State Street (S&P index), Mass. 16.4	U.S. Nat'l/Oregon (Qualivest) 18.4	Nat'l City Cleveland 16.5
First of Chicago 16.9	C&S Trust Florida 16.4	Nat'l Bank of Commerce, Neb. 18.4	C&S Trust Florida 16.5
IDS Trust (A), Minn. 16.9	Irving Trust, N.Y. 16.4	Confederation Life, Ontario 18.1	First Fidelity Bank, N.J. 16.5

We've opened up some interest

PIPER

First Interstate of Oregon	16.5
MTrust, Texas	16.4
Home Life, N.Y.	16.4
Aetna Life & Casualty, Conn.	16.3
Employers Life/Wausau (SA 1)	16.3
First Nat'l Lincoln, Neb.	16.2
Bank of Tokyo, N.Y.	16.2
Norstar Trust, N.Y.	16.1
Signet Trust, Va.	16.1
Colorado Nat'l Bank	16.1
First Interstate of Washington	16.1
Citicorp, N.Y.	16.0
Equitable Life (Q-vest 18), N.Y.	15.9
First Variable Life, Ark.	15.9
Standard and Poor's 500	**15.3**

Master trust. Aug. 22

Top quartile commingled fixed-income funds

3-month returns

	%
Centerre Trust, Mo.	10.4
Wellington Trust (Long)	10.1
First RepublicBank, Texas	8.5
Principal Mutual Life, Iowa	7.4
Chase Manhattan (Long), N.Y.	7.2
American Security, D.C.	7.1
Norstar Trust, N.Y.	7.0
Wellington Trust (Inter.), Mass.	6.9
Morgan Guaranty, N.Y.	6.8
Philadelphia Nat'l	6.7
IAA Trust (B), Ill.	6.7
Hamilton Bank, Pa.	6.7
General American (SA 9), Mo.	6.6
Wellington Trust (Mtg.), Mass.	6.5
Philadelphia Nat'l	6.4
Connecticut Nat'l Bank	6.4
Commerce Bank-K.C., Mo.	6.3
Delaware Trust	6.3
Transamerica Life (SA T-2), Calif.	6.3
CIGNA Corp. (Active), Conn.	6.3
First Union Bank (1), N.C.	6.2
Mercantile Bank, Mo.	6.2
First of Chicago	6.1
Nevada Nat'l Bank	6.1
Connecticut Bank & Trust	6.1
Midlantic Nat'l, N.J.	6.1
Bankers Trust (A), N.Y.	6.1
Confederation Life (Amer.), Ontario	6.0
Third Nat'l Nashville, Tenn.	6.0
Hawaiian Trust	6.0
Travelers (SA P), Conn.	6.0
Pacific Mutual, Calif.	6.0
SeaFirst Bank, Wash.	5.9
Wells Fargo (Index), Calif.	5.9
Equitable Life (No. 5), N.Y.	5.9
First of Minneapolis	5.9
Nat'l Bank of Detroit	5.9
First Kentucky Trust	5.9
Connecticut Nat'l (Inter.)	5.9
First Wachovia Bank, N.C.	5.8
Shearson Lehman G/C Index	**5.8**
First Wisconsin Trust (Index)	5.8
First of Cincinnati (Unrestr.)	5.8
Mellon Bank, Pa.	5.8
Manufacturers Life (B), Ontario	5.7
State Street Bank, Mass.	5.7
Chase Investors (CMB index), N.Y.	5.7
Bank IV Wichita, Kan.	5.7
Provident Nat'l, Pa.	5.7
First Nat'l of Tulsa, Okla.	5.7
First Variable Life (H.Q.), Ark.	5.7

Top fixed funds by size

1-year returns

Over $100 million

	%
Chase Manhattan (Short-inter.)	6.3
Equitable Life (No. 5), N.Y.	5.9
Prudential (VCA 8), N.J.	5.2
Pacific Mutual, Calif.	5.1
First Union Bank, N.C.	4.7
First of Chicago	4.6
Sovran Bank (Inst.), Va.	4.5
Chase Manhattan (A), N.Y.	4.5
Exchange Nat'l Bank, Ill.	4.4
Morgan Guaranty, N.Y.	4.2

$50 million to $100 million

	%
Hawaiian Trust (Defensive)	8.9
Trustmark Nat'l, Miss.	8.7
First Union Bank (1), N.C.	6.4
AmSouth (Ltd. mat.), Ala.	6.3
Mercantile Safe (Inter.), Md.	6.3
Texas Commerce (Low vol.)	5.8
AmeriTrust (Reserve), Ohio	5.3
Manufacturers Detroit (Inter. H.)	5.0
Continental Bancorp, Pa.	4.4
Travelers (SA D), Conn.	4.2

$10 million to $50 million

	%
First Alabama, Mobile	8.8
Wilmington Trust, Del.	8.5
First of Elgin (D1), Ill.	6.7
Dauphin Deposit (Short), Pa.	6.4
Mercantile Safe, Md.	6.3
Columbus Bank & Trust, Ga.	6.0
Summit Trust Co., N.J.	5.9
Mid-State Bancorp, Pa.	5.6
Valley Fidelity, Tenn.	5.5
Norstar Trust, N.Y.	5.4
Mich. Nat'l/Grand Rapids	5.4
HT Investors, R.I.	5.4

Under $10 million

	%
Pacific Financial (Hyr.), Calif.	7.5
Commerce Union, Tenn.	6.8
Central Fidelity (Short), Va.	6.4
First of Neenah (Mtg.), Wis.	6.3
Signet Bank/Maryland (Short)	6.1
First of Elgin (D), Ill.	5.8
Central Fidelity, Va.	4.5
First Variable Life, Ark.	4.5
Uribanctrust, Ill.	4.4
Valley Nat'l (II), Ariz.	4.4

10-year returns

Over $100 million

	%
Sovran Bank (Inst.), Va.	12.7
Pacific Mutual, Calif.	12.1
American Security, D.C.	12.0
Centerre Trust, Mo.	11.9
Texas Commerce (Active)	11.9
Morgan Guaranty, N.Y.	11.4
Northern Trust (Inter.), Ill.	11.3
Bank of New England, Mass.	11.0
John Hancock, Mass.	10.9
Mercantile Bank, Mo.	10.7

$50 million to $100 million

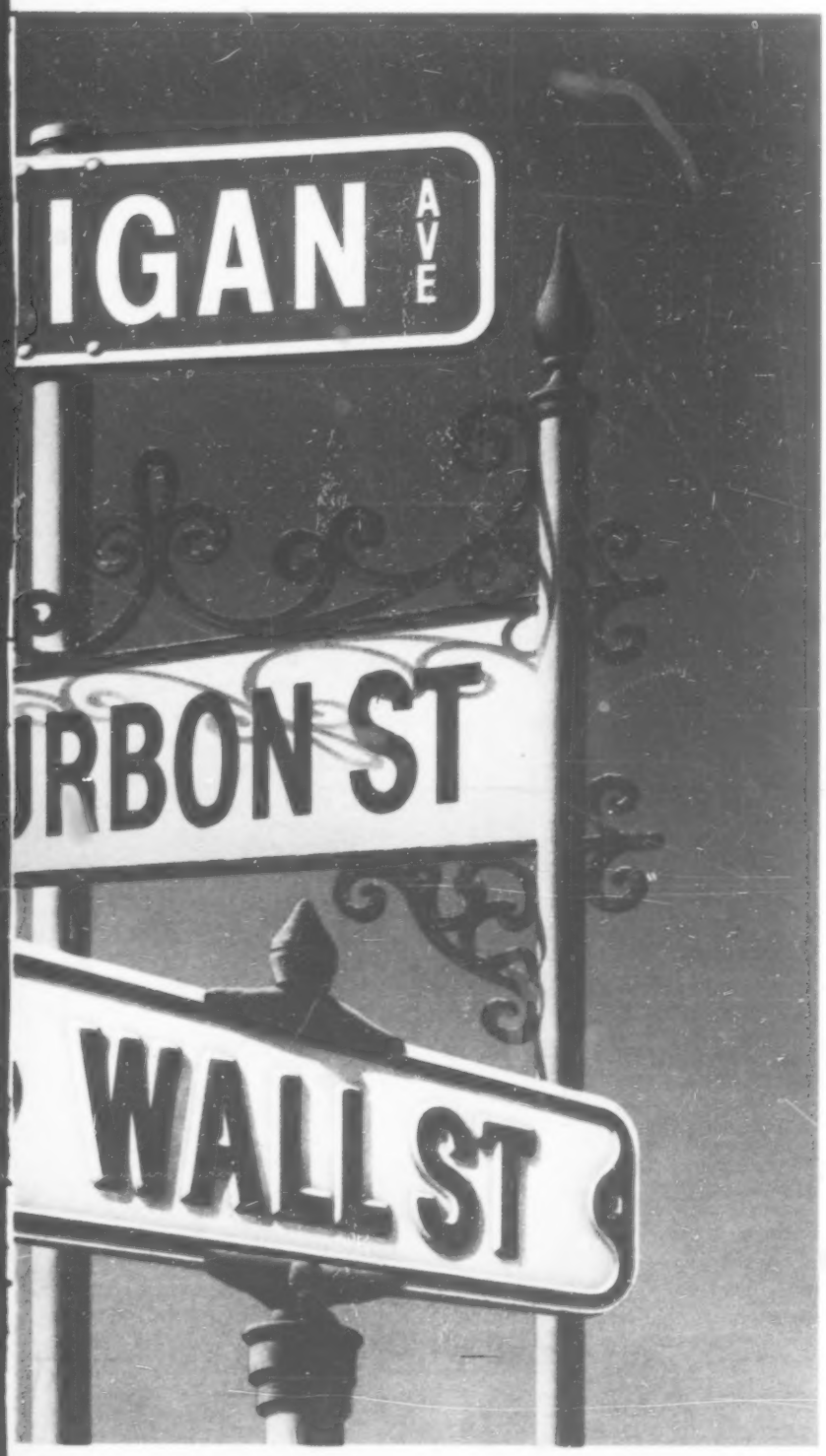
	%
Fidelity Bank, Pa.	12.1
Hibernia Nat'l, La.	11.7
First Kentucky Trust (Ret.)	11.6
Life of Virginia	11.5
First Jersey Nat'l, N.J.	11.3
Boatmen's Nat'l, Mo.	11.1
Manufacturers Detroit	11.1
AmeriTrust (Reserve), Ohio	11.1
Bankers Trust (B), N.Y.	11.0
Bankers Trust (A), N.Y.	10.8

$10 million to $50 million

	%
Bank IV Wichita, Kan.	12.3
SeaFirst Bank, Wash.	11.9
First Interstate/California	11.4
First Interstate/Arizona	11.3
Cullen Bank, Texas	11.0
Mid-State Bancorp, Pa.	11.0
American Nat'l Bank, Tenn.	10.9
First of Maryland	10.8
IAA Trust (B), Ill.	10.7
First Bank of Milwaukee	10.7
Toledo Trust, Ohio	10.7
First of Neenah (Long), Wis.	10.7

Under $10 million

	%
Central Fidelity, Va.	11.3
Commerce Union, Tenn.	11.1
Connecticut Nat'l Bank	10.9
Oregon Bank	10.5
Key Trust Co., N.Y.	10.5
First of Neenah (Inter.), Wis.	10.3
First Nat'l Lincoln, Neb.	10.1
Greeley Nat'l, Colo.	10.1
Associated Manitowoc (High)	9.8
American Nat'l Bank, Ind.	9.8



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PIPER

LaSalle Nat'l (Long), Ill.	5.7
First Fidelity, N.J.	5.7
First Interstate of Oregon	5.7
Aetna Life (SA 76), Conn.	5.6
First of America, Mich.	5.6
First Interstate/California	5.6
First Wisconsin Trust (Inter.)	5.6
Harris Trust, Ill.	5.6
Bessemer Trust, N.Y.	5.6
Pacific Inland Bank, Calif.	5.6
First Trust Co., Minn.	5.6
Phoenix Mutual, Conn.	5.6

1-year returns

	%
Hawaiian Trust (Def.)	8.9
First Alabama, Mobile	8.8
Trustmark Nat'l, Miss.	8.7
Wilmington Trust, Del.	8.5
Wheeling Dollar Bank, W.Va.	8.3
Pacific Financial (Hyr.), Calif.	7.5
Commerce Union, Tenn.	6.8
First of Elgin (D1), Ill.	6.7
First Union Bank (1), N.C.	6.4
Dauphin Deposit (Short), Pa.	6.4
Central Fidelity Bank (Short), Va.	6.4
Mercantile Safe, Md.	6.3
First of Neenah, Wis. (Mtg.)	6.3
Chase Manhattan (Short-inter.)	6.3
AmSouth (Ltd. mat.), Ala.	6.3
Mercantile Safe (Inter.), Md.	6.3
Signet Bank/Maryland (Short)	6.1
Columbus Bank, Ga.	6.0
Summit Trust, N.J.	5.9
Equitable Life (No. 5), N.Y.	5.9
First of Elgin (D), Ill.	5.8
Texas Commerce (Low vol.)	5.8
Trust Co. of the West (High), Calif.	5.6
Mid-State Bancorp, Pa.	5.6
Valley Fidelity, Tenn.	5.5
Norstar Trust, N.Y.	5.4
Michigan Nat'l of Grand Rapids	5.4
HT Investors, R.I.	5.4
Harris Trust (Gain), Ill.	5.4
AmeriTrust (Reserve), Ohio	5.3
Prudential (VCA 8), N.J.	5.1
Pacific Mutual, Calif.	5.1
Manufacturers Detroit (Inter. H)	5.0
First of Maryland	4.8
Shawmut Bank (Inter.), Mass.	4.8
Cullen Bank, Texas	4.8
First Union Bank, N.C.	4.7
Central Bank Monroe, La.	4.6
First of Neenah (Long), Wis.	4.6
First of Chicago	4.6
Central Fidelity, Va.	4.6
Sovran Bank (Inst.), Va.	4.5
Harris Trust, Ill.	4.5
Chase Manhattan (A), N.Y.	4.5
Society Nat'l, Ohio	4.5
First Variable Life, Ark.	4.5
Associated Kellogg, Wis.	4.4
Unibanctrust, Ill.	4.4
Continental Bancorp, Pa.	4.4
Exchange Nat'l, Ill.	4.4
Valley Nat'l (II), Ariz.	4.4
General American (SA 9), Mo.	4.3
First Wisconsin Trust (Pass. inter.)	4.3
Morgan Guaranty, N.Y.	4.2
Travelers (SA D), Conn.	4.2
Alaska Pacific Trust	4.2
Nevada Nat'l Bank	4.2
Shearson Lehman G/C Index	**2.3**

3-year returns

	%
Delaware Trust	17.3
Equitable Life (No. 5), N.Y.	17.0
Transamerica Life (SA T-2), Calif.	16.8
Centerre Trust, Mo.	16.5
Connecticut Nat'l	15.9
Sunburst Bank, Miss.	15.7
LaSalle Nat'l (Long), Ill.	15.4
Principal Mutual Life, Iowa	15.0
Travelers (SA P), Conn.	15.0
Manufacturers Life (B), Ontario	14.9
First Interstate of Arizona	14.8
IAA Trust (B), Ill.	14.7
American Security, D.C.	14.6
Metropolitan Life (SA 41), N.Y.	14.5
John Hancock, Mass.	14.4
Fidelity Bank, Pa.	14.4
Morgan Guaranty, N.Y.	14.4
Pacific Mutual, Calif.	14.3
Society Nat'l, Ohio	14.3
Chase Manhattan (A), N.Y.	14.3
Norstar Trust, N.Y.	14.2
First Kentucky Trust (Ret.)	14.2
Sovran Bank (Inst.), Va.	14.1
Nat'l Bank of Commerce, Neb.	14.1
Harris Trust, Ill.	14.1
Citicorp, N.Y.	14.1
First RepublicBank, Texas	14.0
First of Chicago	14.0
Connecticut Nat'l (Inter.)	13.9
Bankers Trust (A), N.Y.	13.8
First Variable Life, Ark.	13.8
AmSouth, Ala.	13.8
First Variable Life (H.Q.), Ark.	13.7
General American (SA 9), Mo.	13.7
First Wachovia Bank, N.C.	13.7
Northern Trust, Ill.	13.6
Beverly Bank, Ill.	13.6
Colorado Nat'l Bank	13.6
Bessemer Trust, N.Y.	13.6
Life of Virginia	13.5
Aetna Life & Cas. (SA 76), Conn.	13.5
Continental Illinois	13.5
First City Nat'l Houston	13.5
First Alabama, Mobile	13.5
Liberty Nat'l, Ky.	13.5
MTrust, Texas	13.5
CIGNA Corp. (Active), Conn.	13.4
HT Investors, R.I.	13.4
Philadelphia Nat'l	13.4
State Bank & Trust (D), Ohio	13.4
General American (SA 8), Mo.	13.3
Phoenix Mutual, Conn.	13.3
Bank of America, Calif.	13.3
Wellington Trust (Inter.), Mass.	13.2
Massachusetts Mutual	13.2
Shawmut Bank, Mass.	13.2
Central Fidelity, Va.	13.2
Shearson Lehman G/C Index	**12.8**

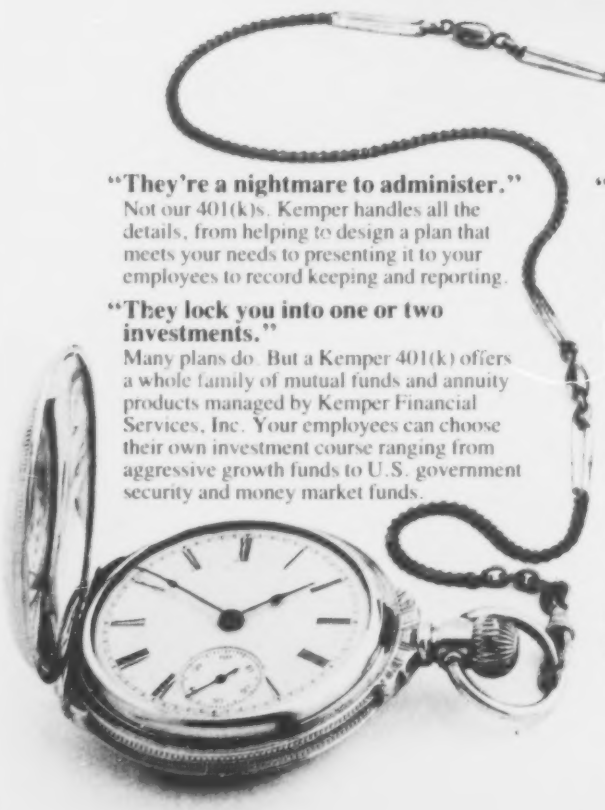
5-year returns

	%
Delaware Trust	16.0
IAA Trust (B), Ill.	14.6
First Variable Life, Ark.	14.4
First Alabama, Mobile	14.3
Equitable Life (No. 5), N.Y.	13.9
Connecticut Nat'l Bank	13.9
Life of Virginia	13.9
Central Fidelity, Va.	13.8
First Interstate of Arizona	13.8
Beverly Bank, Ill.	13.7
Centerre Trust, Mo.	13.6
Sovran Bank (Inst.), Va.	13.5
First of Chicago (Dollar)	13.5
First Variable (H.Q.), Ark.	13.3
Pacific Mutual, Calif.	13.3
Morgan Guaranty, N.Y.	13.3
First Kentucky Trust (Ret.)	13.3
Sunburst Bank, Miss.	13.2
John Hancock, Mass.	13.1
American Security, D.C.	13.1
Colorado Nat'l Bank	13.1
First of Chicago	13.1
First Interstate of California	13.0
General American (SA 9), Mo.	13.0
Key Trust Co., N.Y.	12.9
Citicorp, N.Y.	12.9
Travelers (SA P), Conn.	12.7
Society Nat'l, Ohio	12.7
CIGNA Corp. (Active), Conn.	12.6
Norstar Trust Co., N.Y.	12.6
Hamilton Bank, Pa.	12.6
CIGNA Corp. (Inter.), Conn.	12.6
Nat'l Bank of Commerce, Neb.	12.5
Columbus Bank & Trust, Ga.	12.5
Northern Trust, Ill.	12.5
Harris Trust, Ill.	12.5
Philadelphia Nat'l	12.4
Liberty Nat'l, Ky.	12.4
Trustmark Nat'l, Miss.	12.4
Aetna Life & Cas. ((SA 76), Conn.	12.3
Shearson Lehman G/C Index	**12.2**
First of Neenah (Mtg.), Wis.	12.2
Shawmut Bank, Mass.	12.2
Exchange Nat'l Bank, Ill.	12.2
State Street Bank, Mass.	12.2
Manufacturers Detroit	12.2
AmSouth, Ala.	12.1
Mellon Bank, Pa.	12.1
HT Investors, R.I.	12.1
Travelers (SA D), Conn.	12.1
Connecticut Nat'l Bank (Inter.)	12.1
First of Maryland	12.1
Massachusetts Mutual	12.1
General American (SA 8), Mo.	12.1

10-year returns

	%
Sovran Bank (Inst.), Va.	12.7
Bank of Wichita, Kan.	12.3
Beverly Bank, Ill.	12.1
Pacific Mutual, Calif.	12.1
Fidelity Bank, Pa.	12.1
American Security, D.C.	12.0
Centerre Trust, Mo.	11.9
SeaFirst Bank, Wash.	11.9
Texas Commerce (Active)	11.9
Hibernia Nat'l, La.	11.7
First Kentucky Trust (Ret.)	11.6
Life of Virginia	11.5
First Interstate of California	11.4
Morgan Guaranty, N.Y.	11.4
Central Fidelity, Va.	11.3
First Jersey Nat'l, N.J.	11.3
Northern Trust (Inter.), Ill.	11.3
First Interstate of Arizona	11.3
Commerce Union, Tenn.	11.1
Boatmen's Nat'l, Mo.	11.1
Manufacturers Hanover (Gr. tr.)	11.1
Manufacturers Detroit	11.1

Kemper retires some old ideas about 401(k)s.



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PIPER

Fixed income

Continued from page 14

five years, late in 1986, said Charles Murray, trust investment officer. It continued shortening in 1987 — with average maturity of about two years as of Dec. 31 — and finished second for the year, returning 8.8%.

When the bond market shifted in the fourth quarter, the fund did not do well, finishing in the bottom 20% for the quarter with a 2.8% return. Its longer-term performance was better: 13.5%, in the top 30%, for the three-year period; 14.3%, fourth among all funds for five years; and 10%, just above the median, for 10 years.

The $13 million fund is two-thirds in Treasury securities and one-third in corporate bonds, Mr. Murray said.

For the three- and five-year periods, the top finisher was Delaware Trust Co., Wilmington, which focuses on the middle of the maturity range. The fund usually has an average maturity of 10 years, but shortened a bit in 1987, to about eight years as of Dec. 31.

Staying in the intermediate range and exploiting market inefficiencies helped the fund to a 17.3% compound annual return for five years and 16% for three years. The fund was too new for the 10-year period.

The fund, now at $25 million, is about 90% in mortgage-related securities and 10% in municipal bonds, said David Baldt, senior vice president and director of fixed income. Lack of trading opportunities in the mortgage-backed market last spring dampened the fund's 1987 performance, he said. Still, it beat the market and the median in 1987, with 3.4%, and was back in the top 10% for the quarter, with 6.3%.

Tops for the 10-year period was Sovran Bank, Richmond, Va., with 12.7%. Sovran does a moderate amount of interest rate forecasting but tends to stay in the intermediate range of the market, said William Schultz, senior vice president of Sovran Capital Management Corp., the affiliate that runs the fund.

At the end of 1987, the fund's average maturity was eight years, up from five years before the Oct. 19 stock market crash, when its managers correctly anticipated a drop in interest rates, Mr. Schultz said. The fund's return for the year was 4.5%, in the top 20% of the PIPER universe; for the fourth quarter, it was up 5.3%, in the top 40%. It was in the top 10% for the five-year period, with 13.5%, and the top 20% for the three years, with 14.1%.

The fund focuses on investment-grade, high-coupon securities; its $115 million is about 60% in corporates, 25% in mortgage-backed securities and 15% in Treasuries.

Centerre Trust Co., St. Louis, also an interest rate forecaster, topped the quarter's rankings, with 10.4%. It ranked high in all other periods except 1987, when it was third from the bottom, with −3.2%.

Centerre expected the fourth quarter's interest rate drop to come earlier in the year, so was in long bonds, with an average maturity of 22 years, throughout 1987, said Richard Hibbs, senior vice president.

The fund was in the top 10% for the three-, five- and 10-year periods, with returns of 16.5%, 13.6% and 11.9% respectively. Now at $150 million, it is about 60% in Treasury and agency securities, with the rest in corporates and private placements. ■

Equity returns

Continued from page 14

Throughout the year, the fund favored technology, drug and hospital supply company stocks, such as **Apple Computer, Unisys Corp.** and **Johnson & Johnson.**

"Toward the end of the year, we began to believe that secondary growth stocks (such as **Rycoff-Sexton Inc.**) were just plain and simple cheap, and we still believe it."

First Chicago ranked in the top 20% for three-year returns, with 19%, and recorded a five-year return of 16.9%.

"We're very pleased about the longer-term numbers because ... we outperformed the market over five years with a level of volatility 40% less than market," said Gary Brinson, president of First Chicago Investment Advisors.

Throughout the year, the $300 million fund had increased its hedged position from about 20% to 53% by Oct. 19.

The stock-only portion of the fund, was up 6.2% for the period, Mr. Brinson said, and was "stock specific," with the exception of a focus on drug companies. The fund bought **MCI Communications** and **Intel Corp.**, and sold **Santa Fe Southern Pacific Corp.** and **Merck & Co. Inc.**

"We had a larger exposure to smaller stocks than the S&P, but about the same as the Wilshire 5000," Mr. Brinson said.

Steven Gold, vice president and head of marketing at MTrust, said "several gut calls" that kept the fund's equities 7% above the S&P for most of the year and increased cash late in the year brought about its good return. ■

Continued from page 20

AmeriTrust (Reserve), Ohio	11.1
Bankers Trust (B), N.Y.	11.0
Cullen Bank, Texas	11.0
Bank of New England, Mass.	11.0
Mid-State Bancorp, Pa.	11.0
Connecticut Nat'l Bank	10.9
John Hancock, Mass.	10.9
American Nat'l Bank, Tenn.	10.9
Bankers Trust (A), N.Y.	10.8
First of Maryland	10.8
IAA Trust (B), Ill.	10.7
Mercantile Bank, Mo.	10.7
First Bank Milwaukee	10.7
Toledo Trust, Ohio	10.7
First of Neenah (Long), Wis.	10.7
Citicorp, N.Y.	10.6
Indiana Nat'l Bank	10.6
CIGNA Corp. (Active), Conn.	10.6
Society Nat'l, Ohio	10.6
Mercantile Safe, Md.	10.6
First of Chicago	10.6
CIGNA Corp. (Inter.), Conn.	10.6
American Nat'l, Minn.	10.6
Shearson Lehman G/C Index	**10.3**

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PACIFIC FINANCIAL COMPANIES

FINANCING

Commercial banks take aim

Changing regulations open doors to possible new avenues of profit

By Marcia Parker

Commercial banks are fine-tuning their strategies for making inroads into the investment banking business to take advantage of the changed regulatory and competitive environment and to avoid being whiplashed by turbulence in the financial services industry.

Several commercial banks — including Chase Manhattan Bank and Citicorp, both of New York — have reorganized their investment banking operations. Some have taken advantage of opportunities created after some Wall Street investment banks exited certain businesses and laid off people. A few banks — including Citicorp, Security Pacific Corp., Los Angeles, and Manufacturers Hanover Corp., New York — have hired jobless Wall Street investment banking professionals to bolster their staffs.

The banks are polishing their strategies while they face a host of regulatory changes and an uncertain regulatory future, sagging profits from commercial lending, worsening developing-country debt problems and questions about just how lucrative investment banking will be, considering the losses Wall Street firms have piled up recently.

Meantime, it's hard to assess how much investment banking income has contributed to the banks' bottom line, because most don't break out that financial data. The commercial banks' 1987 earnings reports indicated income from fee-producing businesses, which include many investment banking services, rose along with foreign exchange operations.

Because each bank has adopted a different strategy for penetrating the investment banking market, it's tough to compare performance.

While all banks clearly are concentrating more on the higher-risk, higher-reward merchant banking services such as mergers and acquisitions and advisory work, they also are emphasizing historically strong areas such as private placements and risk management. And they are moving more aggressively to capture a piece of the growing securitization market and corporate restructurings.

Some banks — such as Citicorp, Bankers Trust Co. and J.P. Morgan & Co., all of New York — are pursuing global merchant banking, servicing all the financing needs of their customers everywhere. Others like Manufacturers Hanover are carving out large niches to focus on corporate finance and advisory work.

Some money center banks, like Marine Midland Bank, New York, and a few non-money center banks such as Connecticut National Bank, Hartford, First National Bank of Chicago and Continental Illinois National Bank & Trust Co., Chicago, are targeting the middle market, thereby avoiding head-on competition in every line of business with the big Wall Street investment banks.

Chase reorganized its global banking unit, merging its commercial and investment banking operations.

Citicorp also has restructured its investment banking operations. Citicorp Chairman John Reed said the investment banking sector would have to rein in costs. But Michael Callen, who succeeded Thomas Theobold as head of investment banking operations at Citicorp, is aggressively pushing a campaign to broaden the bank's reach into investment banking worldwide.

Roger Widmann, managing director and head of Chemical Bank's U.S. banking business, said Chemical's investment banking revenue jumped to $73 million in 1987 from $5 million in 1984. "That's up-front advisory fees on everything from fairness opinions to restructurings to defensive work we have done for clients," Mr. Widmann said.

Chemical is focusing on business with the large-company market and this year will further tap the middle market it began to target last year, including companies with revenue of less than $250 million. Chemical also will make a major push this year to capture advisory work with companies in the midst of bankruptcy reorganization and to pursue mergers and acquisitions.

Continental Illinois Bank & Trust Co. is among the banks setting their sights on the middle market for investment banking services, hoping to avoid direct across-the-board competition with the big Wall Street investment banks.

Douglas Ebert, Manufacturers Hanover sector executive vice president-the investment banking group, said the bank also is concentrating on large corporations and the middle market, especially for providing corporate finance and advisory services.

"We are not trying to be all things to all people," Mr. Ebert said. "For instance, we chose not to go into big-bang U.K., and we're not building up bond, equity and trading operations."

As of Dec. 1, sector earnings for the year were projected to be about $134 million, compared with $179 million in 1986.

Bankers Trust has been building its corporate finance operation for three years and is widely viewed as having made significant inroads into the investment banking business.

"Our deal flow has never been bigger on a global basis," said David E. Dougherty, managing director and head of the mergers and acquisitions group. "Last year we did 41 deals worth $6 billion. Our fee-income business revenue is growing dramatically, especially private equity and mergers and acquisitions. Our game plan is to compete across the board in every securities market all over the globe," he said.

Outside New York, key commercial banks are concentrating on the middle market, often in their own geographic areas.

Continued on page 36

Players ready to test ruling's limits

By Brad Rudin

NEW YORK — Securities industry officials have good reason to worry about a federal appellate court decision expanding the underwriting powers of commercial banks.

Although the court's decision is limited to mortgage-related securities, commercial paper and a broad range of municipal revenue bonds, the logic of the case could result in powers that go well beyond the products sanctioned in the ruling by the 2nd U.S. Circuit Court of Appeals, New York.

Under the court's ruling last month in Securities Industry Association vs. Board of Governors of the Federal Reserve, commercial banks should be able to underwrite quality corporate securities not specifically mentioned in the case, said Richard V. Fitzgerald, a partner with the Washington law firm of Muldoon, Murphy and Faucette and a former chief counsel to the comptroller of the currency.

The decision upholds the Fed's power to grant expanded underwriting power to the securities subsidiaries of Citicorp, J.P. Morgan & Co. Inc., Bankers Trust New York Corp., Chase Manhattan Corp., Chemical New York Corp., Manufacturers Hanover Corp. and Security Pacific Corp.

"There's a feeling that the possibility exists to go beyond the three securities we got approval for," said L. Thomas Block, senior vice president for government relations at Chemical New York Corp.

"We are going to test the outer limits of what we can do to serve our customers."
— L. Thomas Block
Chemical Bank

The bank's lawyers are seeking ways in which to expand the scope of permissible activities, Mr. Block said. "We at Chemical are going to test the outer limits of what we can do to serve our customers."

Wall Street also finds itself challenged on the legislative front by several bills that would reduce or eliminate the Glass-Steagall Act's restrictions on commercial bank involvement in the securities business.

The Securities Industry Association condemned the decision and said it might ask for review by the Supreme Court.

"It's certainly disappointing to any of us in this industry who were looking for the affirmation of Glass-Steagall," said Robert E. Linton, chairman of Drexel Burnham Lambert Inc., New York.

Because the decision will take effect when the congressional moratorium on expanded securities powers for banks ends March 1, the securities industry finds itself under increased pressure to blunt the commercial banks' latest challenge.

"From the securities industry's standpoint, (the decision) makes it all the more important for us to pursue what we think is an appropriate approach to the problem," said Robert A. Gerard, a managing director at Morgan Stanley & Co. Inc. and spokesman for the SIA on Glass-Steagall matters.

Although not binding on federal judges in other circuits, the decision is important because it shapes the law in New York City, where most major banks have their headquarters.

The core of the court's decision is the interpretation of Glass-Steagall's ban on the affiliation of banks with entities that are "engaged principally" in underwriting and dealing in securities.

In interpreting Section 20 of the act, the court held that bank securities affiliates that underwrite and deal in "bank-eligible" securities — Treasury paper and some municipal bonds — are not deemed to be "engaged principally" in the securities business. Section 20 "only prohibits affiliation with firms that are 'engaged principally' in forbidden investment activity," the court held.

This interpretation means banks can affiliate with securities units so long as the level of activity in the "ineligible" securities remains modest. The court, deferring to the Fed's order, said the dollar volume of "ineligible" underwriting could not exceed 5% of the bank securities unit's gross revenue. Another Fed restriction based on market share was struck down by the court.

Commercial banks are likely to boost their presence in the underwriting business not only by expanding the range of products underwritten, but by trying to increase the existing gross revenue limit, said Mr. Fitzgerald.

"Five percent is a rather modest number and I think that it would grow over time," he said.

Because the court's interpretation of Section 20 offers a powerful vehicle for expanding commercial bank securities powers without congressional consent, some Wall Street executives favor proposed legislation that would close the "principally engaged" loophole. The bill, introduced by Rep. Charles E. Schumer, D-N.Y., would bar bank regulators from using Section 20 to obtain expanded powers for banks.

The bill also would allow commercial banks to underwrite and deal in commercial paper and mortgage-backed securities. ■

Door opening

Continued from page 35

Security Pacific, which has made great strides in building a global merchant banking operation, is taking advantage of the problems on Wall Street to selectively add staff. It hopes to provide financing to companies that lost out when the junk bond market shut down post-Oct. 19, and pursue other areas.

"Our infrastructure is in place. We're in the fine-tuning stage," said Frederick T. Waldek, managing director-Security Pacific merchant banking group.

Michael J. Murray, the vice president in charge of Continental Illinois' investment banking operations, said the bank is aiming at the middle-market corporate customer with $50 million to $500 million in revenue. "Banks have had the most success in companies below the Fortune 100, which Wall Street historically didn't focus on. Then for a while they started to make a push for them. Now they are not," Mr. Murray said. "We have a strong corporate customer base, especially in the Midwest, and we are trying to build on those strong historic relationships."

At Connecticut National Bank, the investment banking group has grown dramatically in recent years and when the pending merger is completed with Shawmut Bank of Boston, it is expected to be a major force in the region.

Joseph F. Savage, managing director-investment banking, said Connecticut National is concentrating on providing investment banking services to middle-market companies with revenue in the $5 million to $50 million range located in the Northeast corridor.

"For a regional bank, the middle market is an area that until recently was not well covered by the investment banks," Mr. Savage said, adding the bank is trying to make more inroads into handling corporate divestitures for these companies and private placements. He said investment banking operations are expected to contribute a seven-figure number to the bottom line in 1988.

Len Caronia, First Chicago senior vice president who heads the financial products group that covers investment banking, has been stepping up activity in all the investment banking areas from mergers and acquisitions to venture capital to private placements. "Our wish list for 1988 includes concentrating on equity related financings," Mr. Caronia said. "It's our view that for the foreseeable future there will be excess capacity in the global debt market." ■

Trading revenues 1982-1986 ($ millions)

	1982	1983	1984	1985	1986
Money center banks* Gross income after carry	394	334	606	694	850
Large investment banks Gross income after carry	692	1,228	936	1,290	1,536

* Bankers Trust, Chase Manhattan, Chemical Bank, Citicorp & J.P. Morgan

Source: Sanford C. Bernstein & Co.

1986 commercial bank market shares of selected bank eligible businesses

U.S. government trading	20%
Municipal bonds-general obligation underwriting	27
Private placements	19
Private placement of ordinary debt	26
Swaps	70
Eurobond underwriting	10

Source: Sanford C. Bernstein & Co.

Michael J. Murray says Continental Illinois will build on strong historic relationships.

Salomon to open new unit

NEW YORK — Salomon Brothers Inc. plans to establish a money management unit registered under the Investment Advisers Act of 1940 that will invest exclusively in tax-exempt securities.

The new unit, Salomon Brothers Asset Management Co., will begin operations once the Securities and Exchange Commission approves the firm's application.

Martin L. Leibowitz, a managing director in Salomon's fixed-income research group, will serve as a member of the asset management company's board of directors.

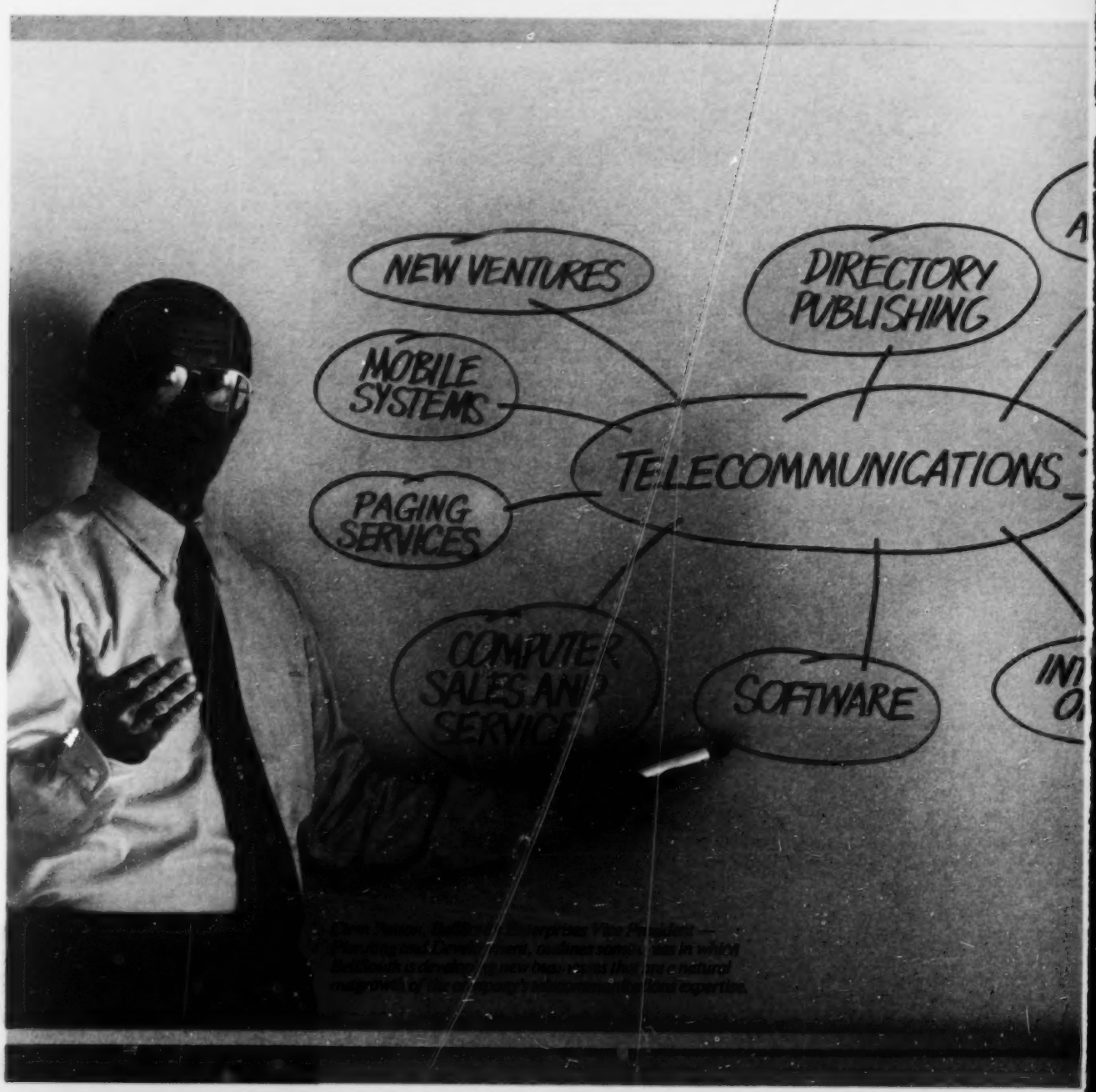
Salomon Brothers Asset Management will sell its services to wealthy individuals, nuclear decommissioning trust funds, insurance companies and corporations seeking short-term investments, said Frederick W. Gaertner, a Salomon vice president. "The type of market we're out to serve hasn't been served very well," he said.

The minimum account size will be $5 million.

Some assets had been managed by the Discretionary Municipal Investments group, which is not registered under the 1940 act, Mr. Gaertner said. The group manages several hundred million in tax-exempt assets, he said. The changed status will give asset management at Salomon a more defined identity, Mr. Gaertner said.

Salomon decided against establishing an institutional tax-exempt money management unit both because the field is crowded and entry into this business would pit the firm against money managers who use Salomon's brokerage services. ■

BellSouth



Purchases of equities set record

NEW YORK — Despite a third-quarter setback, foreign net purchases of U.S. equities surged to $23.5 billion in the first three quarters of 1987, surpassing 1986's record $18.7 billion by 26%, according to a report by the Securities Industry Association.

Foreign net purchases of U.S. equities in the third quarter slid 42% to $5 billion from $8.6 billion in the second quarter.

As for the fourth quarter, foreign investors did not abandon U.S. equities in October.

Preliminary Treasury data place net purchases at $2.4 billion.

However, preliminary SIA data show large foreign divestitures of $4 billion to $5.5 billion, in November. Thus, the final quarter of 1987 could be the first with foreign net sales of U.S. equities since early 1985, according to the report.

Foreign gross activity in U.S. equities rose to $136.8 billion in the third quarter, and gross transactions in 1987 will be more than $400 billion, compared with a previous record of $277.5 billion in 1985, according to the report.

From the second to the third quarter, foreign investor purchases of corporate bonds changed little, registering about $6.6 billion.

Foreign net purchases of U.S. Treasuries, which to a large extent reflect coordinated central bank intervention in currency markets, subsided to $2.8 billion in the third quarter from $8.6 billion in the second quarter, as the dollar benefited from mainly favorable news.

Among U.S. investors, moderate purchases of European and Canadian stocks and continued large sales of Japanese stocks resulted in net sales of $66 million of foreign stocks in the third quarter.

401(k) growth gives boost to GIC managers

By Fred Williams

The leading managers of guaranteed investment contracts — who attracted $17.1 billion in net new business last year — credit much of their growth to the boom in defined contribution plans.

"Defined contribution plans and 401(k) plans continue to move in the GIC area like a Mack truck," said Larry Mylnechuk, senior vice president at Morley Capital Management Inc., Lake Oswego, Ore. Morley Capital attracted $1.07 billion in net new business in the 11 months ended Dec. 1, according to *Pensions & Investment Age*'s Scorecard survey.

GICs have become "extremely important especially to 401(k) plans and other defined contribution plans. The market will continue to grow because employees have made them important. There is no other investment which you are guaranteed a rate like in a GIC," said Win Profio, vice president-marketing at Provident National Assurance Co., Chattanooga, Tenn. Provident ranked fourth in this year's Scorecard, with net new business of $1.5 billion.

Among plans offering GIC funds, 59% of employee contributions were directed to that option, according to a survey published last year by Bankers Trust Co., New York.

According to the survey, 53% of corporate defined contribution plans offer GIC options. Among plans where there is a GIC option, the GIC fund makes up an average of 45% of total assets.

P&I Age's Scorecard measures money management firms' net asset gain in the 11 months ended Dec. 1.

The figures take into account contributions from new and existing clients, client withdrawals and return on investment.

The net new business by the top 10 survey respondents represents contracts written by insurance companies. Because investment managers deal directly with the insurance companies, there might be some double counting in the survey.

Also, most major employee benefit consulting firms manage or place GICs on behalf of their pension clients and were not represented in the survey. For instance, the Dallas office of William M. Mercer-Meidinger-Hansen Asset Planning Inc. added approximately $900 million in new GIC placements for its clients during 1987.

The $17.1 billion recorded by the top 10 GIC managers this past year represents a 10.3% increase from the $15.5 billion net gain by the top 10 during the same period in 1986.

Prudential Asset Management Group, Newark, N.J., was the leader in new GIC business with $4.6 billion, marking the third year the firm has led the pack.

Seven of this year's top 10 are insurance companies; two are investment management firms specializing in management of GIC portfolios; and the third is a specialist unit of a bank.

New to the top 10 list this year are John Hancock Financial Services, Boston, ranking eighth with $1.04 billion in new business; the GIC management division of Bankers Trust Co. — Investment Management Group, ranking ninth with $960 million; and the New York Life Insurance Co., with $923 million.

Bankers Trust entered the GIC management field late in 1986 and now tops $1 billion under management for tax-exempt clients that include ITT Corp. and Hanson Industries.

Jerry Chafkin, vice president and manager-GIC investments at Bankers Trust, said the GIC division expects additional asset growth during 1988 of $900 million to $1 billion.

"The interest is primarily from people who are coming around to the realization that GICs are an investment and that they should look for a manager rather than a consultant or a broker," Mr. Chafkin said.

Most new GIC business

Firm	$ millions
Prudential Asset Mgmt.	4,590
Travelers Cos.	2,721
Aetna Life Insurance	1,652
Provident Nat'l Assurance	1,477
PRIMCO Capital Mgmt.	1,400
Principal Financial Group	1,274
Morley Capital Mgmt.	1,065
John Hancock Financial Services	1,042
Bankers Trust	960
New York Life Insurance	923

Investment managers and insurance company officials expect the GIC market to remain attractive in 1988, but with rates and spreads over Treasury instruments remaining volatile.

Despite the security of the investments, the October stock market crash has not resulted in a wholesale flight to GICs from equities.

"Oct. 19 revived interest in using GICs as a strategic tool in the asset allocation process," said Morley's Mr. Mylnechuk.

"Portfolio insurance gave the market a black eye. People realized there are no magic solutions in protecting your returns. But it's how you deploy your assets which makes the difference in the long run."

Morley added eight GIC clients during 1987: Aluminum Co. of America; Cyanamid of Canada; First Wisconsin Trust Co.; International Brotherhood of Electrical Workers; Joint Industry Board of the Electrical Industry; Pacificorp; Payless Drug Stores Northwest; and the Southern California Food and Commercial Workers Union.

PRIMCO Capital Management Inc., Louisville, Ky., the largest independent investment GIC manager, was fifth in terms of net new business with $1.4 billion.

Vernon Hodge, chief investment officer at PRIMCO, said GIC growth has been "fantastic" and has come primarily from a small group of large plans, mainly savings plans.

"Our growth is coming from a few very large plan sponsors with large plans who realize this huge category of assets needs full-time, day-to-day asset management," he said.

PRIMCO added eight GIC clients during 1987: Syntex Corp.; Colgate-Palmolive Co.; Brunswick Corp.; Boettcher Foundation; Cincinnati Bell Inc.; Tyler Corp.; Texas Instruments Inc.; and TWA Pilots Union.

Prudential Asset has gained the most new GIC business for the past two years. One reason is the firm's high profile in the market, another is the movement to higher-quality carriers, said Bruce Vane, vice president and executive director of financial-actuarial services at Prudential Asset Management.

"We aren't afraid to be in the market every day and we also concentrate on the larger contracts," he said. "One thing we have seen recently is that clients are making more distinction between the credit quality of carriers so that those that have higher quality credit ratings are enjoying more interest from the market."

Rounding out the top 10 were The Travelers Cos., Hartford, Conn., with $2.721 billion in net new business; Aetna Life Insurance Co., Hartford, with $1.652 billion; and Principal Financial Group, Des Moines, Iowa, with $1.274 billion.

Some GIC observers noted a capacity problem on the part of insurance carriers last year occurring earlier than the traditional end-of-the-year crunch.

"A lot of carriers seem to be backing away from the market because they don't like the stiff competition. That contraction may continue in 1988," said Mr. Vane.

"We're continuing to see a real problem with capacity," said Mr. Mylnechuk.

"We're seeing a lot more problems earlier in the year. Because of a greater volume of defined contribution money — and in some cases it is more than the carriers can or want to deal with — the demand is too great." ■

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PENSIONS & March 7, 1988

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105 clobber S&P return

More than 100 investment management firms beat the Standard & Poor's 500 index by more than 500 basis points last year, despite the market plunge of Oct. 19.

The best performing manager in the *Pensions & Investment Age* survey, Davis, Weaver & Mendel Inc., Atlanta, had a return of 49.2% for the year, compared with 5.3% for the Standard & Poor's 500 index. For three years, the firm returned a compound annual 34.9% vs. the S&P 500's 18.1%.

Moran Asset Management, Greenwich, Conn., ranked second with a return of 34.1% for the year, and 21.4% compounded annually for the three years.

Third was Portfolio Timing Inc., Tacoma, Wash., which had a return of 33.7% for the year and 19.9% for the three years.

Three other firms had returns in excess of 30% for the year: PSM Investors Inc., Carlisle, Mass., 31.5%; Fort Wayne, Ind.-based Lincoln National Pension Insurance Co.'s emerging growth equity fund, 31.4%; and United Capital Management, Denver, 30.3%.

In the survey, mailed to more than 1,500 investment management firms, executives were asked to respond if their firm's equity performance surpassed that of the S&P 500 index by at least 500 basis points. Investment counseling firms were asked to provide a composite return figure for all equity accounts under management for the entire year. A commingled account return was acceptable for banks and insurance companies. (Bank and insurance company special equity accounts are not included, but are reported on page 16.)

Davis, Weaver & Mendel Inc. achieved its high return through market timing. The firm was fully invested until May, when it withdrew for a month, then was fully invested again until September, said Tom Weaver, president.

The firm, which manages about $130 million in tax-exempt assets, also participated in the year-end rally, he said.

Managers beating the S&P index by 500+ basis points in 1987

Manager	1 yr.	3 yr.
Davis, Weaver & Mendel	49.2%	34.9%
Moran Asset Mgmt.	34.1	21.4
Portfolio Timing	33.7	19.9
PSM investors	31.5	26.4
Lincoln Nat'l Pension (EG)	31.4	NA
United Capital Mgmt.	30.3	19.8

More statistical information on page 34

Mr. Weaver said the firm examines market momentum and the relative strength of various components of the market. "It's a very disciplined approach," he said.

Because of the firm's need for liquidity to enable it to move into and out of the market, it invests in large-capitalization stocks for its large clients and uses mutual funds for smaller clients, Mr. Weaver said.

Moran Asset Management's approach combines value and growth, and both parts of the strategy paid off last year.

The firm's search for companies with superior fundamental strengths and that will build value over time led it into stocks that performed strongly last year.

At the same time, its insistence on buying those companies when they are substantially undervalued and selling them when they appear fully or overvalued led it to raise cash before Oct. 19 and to buy again when the market plunge restored values.

Moran was fully invested until July, said Fred Moran, president and chief investment officer, but then executives became concerned about the economy and began to raise cash with the idea of moving to 30% cash. However, the firm was only 15% in cash when the market dropped.

Once the crash had reduced prices to where companies were a good value

Continued on page 34

Proxy system is '88 target

By Marcia Parker

As this year's proxy season draws near, institutional investors are targeting the proxy voting system itself by sponsoring scores of proxy resolutions calling on companies to adopt confidential balloting and give all shareholders equal access to the proxy statements.

Impact of Avon letter assessed — page 2.

At least one first-time activist institutional investor, the $30.8 billion New York City Retirement Systems, is hailing pre-proxy season victories in the form of commitments from Aluminum Co. of America, Pittsburgh, and Minnesota Mining & Manufacturing Co., St. Paul, to voluntarily adopt confidential balloting.

The New York City fund reached agreement last week with those two companies. The pension fund agreed to withdraw its secret-ballot resolutions and the companies agreed to institute secret balloting and independent certification of voting results for this proxy season.

New York City has secret ballot resolutions on the proxies of eight other companies.

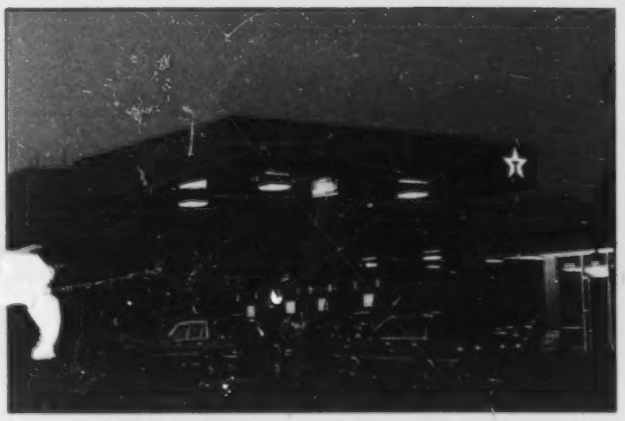
Institutional shareholders, including the New York City fund, also are sponsoring another round of proxy resolutions asking companies to rescind or put to a shareholder vote anti-takeover defenses such as poison pills and greenmail that were enacted without stockholder approval. Last year, institutional shareholder proposals dealing with anti-takeover measures attracted relatively strong support, and sponsors hope to do better this year.

Continued on page 37

New fund activism

2 play role in Texaco settlement

By Barry B. Burr



Public funds from California and Pennsylvania had to fight to become part of the shareholders' panel that was instrumental in Texaco's proposed $3 billion settlement with Pennzoil.

Two public pension funds are playing an unprecedented and initially unwelcomed role on Texaco Inc.'s equity securities holders committee, which has been instrumental in the proposed $3 billion settlement with Pennzoil Co.

The California Public Employees' Retirement System and the Pennsylvania Public School Employes' Retirement System are non-voting members, the first time any pension fund participated on such a committee, routinely formed to represent shareholders during bankruptcy proceedings.

Their involvement raises pension fund activism to a new height as the institutions seek new ways to assert their power as large shareholders beyond trading their stock or voting proxies. With Texaco, they are directly involved in proposing corporate policy.

"It's absolutely unprecedented," said Abbott A. Leban, the Pennsylvania fund's chief counsel and its representative on the committee. "There has never been a case where a pension fund has been on a bankruptcy committee," except when a corporate fund executive serves on his or her company's own committee.

The two funds' presence on the Texaco equity committee likely will lead to other public fund participation on such committees.

Indeed, the California fund's staff, at the request of the trustees, is drawing up a suggested policy on when the $44 billion fund should seek participation on other committees, said Richard H. Koppes, chief counsel.

"I feel it's a growing area we are keeping our eyes on," added A. Camille Nichols, investment policy coordinator at the Florida State Board of Administration.

Shareholders have until March 21 to vote on the proposed settlement, which has been accepted by Pennzoil. It calls for Texaco to pay

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LATE NEWS

Goldman in bidding for Citicorp

NEW YORK — Goldman, Sachs & Co., New York, and Kemper Financial Services, Chicago, are among the finalists in the bidding for Citicorp Investment Management Inc., according to sources.

It could not be learned whether New York-based Goldman was bidding on the unit for itself or as an agent for another bidder.

If Goldman is seeking to acquire the unit for itself, it would represent a remarkable reversal for the securities firm, which has sought to avoid competing with its money management clients. "We won't comment on pending negotiations," rumors or speculation, said Ed Ryan, a Goldman spokesman.

A Kemper official would only confirm that Kemper is still in the running.

Citicorp is expected to come to a decision rapidly on the sale of its management unit, which has more than $20 billion in domestic discretionary assets under management.

Bailey leaves Minnesota fund

CHICAGO — Jeffrey V. Bailey has left his job as assistant executive director of the Minnesota State Board of Investment to join Richards & Tierney Inc. starting this week.

As a vice president at the Chicago-based consultant, Mr. Bailey will work in building and maintaining normal, or customized benchmark, portfolios for investment managers.

At the $10 billion Minnesota fund, Mr. Bailey worked with Richards & Tierney, its consultant, to develop 10 normal portfolios to use as benchmarks in its performance-fee based structure for 10 equity managers.

USF&G acquires stake in Lowry

BALTIMORE — USF&G Financial Services Corp. has acquired a 40% stake in Wm. W. Lowry & Associates Inc., an Atlanta consulting firm.

Terms of the agreement include the conversion of 40% of a note USF&G holds in Lowry into a 40% equity position in the company. The remainder of the note may be converted over time, giving USF&G 100% of the outstanding shares of the firm.

USF&G is a subsidiary of Baltimore-based USF&G Corp. Lowry, which has been the USF&G pension fund's consultant since 1982, now will advise the company on corporate equity investments. Lowry & Associates is consultant to clients representing $10 billion in assets and the holding company for the pension consulting firm Lowry, Raclin, Harrell & Howerdd, Dallas.

Michael T. Wilkinson, USF&G's president, will serve as president and chief executive officer of Lowry & Associates in the Atlanta headquarters.

2 shift assets and 1 creates fund

• SAN FRANCISCO — In its first such commitment, the $10 million Mary A. Crocker Trust foundation has hired WorldInvest Ltd., London, to manage a global fixed-income account, according to Richard M. Brooks, president of SFA Management Corp., San Francisco, which administers the trust.

Oechsle International Advisors, Boston, manages international equities for the fund. Assets for the hire came from a terminated equity account, Mr. Brooks said.

• TROY, N.Y. — The $185 million Rensselaer Polytechnic Institute endowment has appointed Irving Trust Co. custodian for $150 million of its assets, according to David Gonino, investment officer. Irving replaces Key Trust Co., Albany.

The balance of the endowment is in perpetual trusts managed by Bankers Trust Co., New York, and Harris Trust and Savings Bank, Chicago.

• HIGHLAND PARK, Mich. — Chrysler Corp. will use First Wisconsin Bank, Milwaukee, as depository for a trust fund to assist workers who will be laid off from Chrysler's Kenosha, Wis., plant.

Chrysler will deposit the net profits from 1988 vehicle sales in Wisconsin in the fund. Chrysler's first deposit was $1.3 million, representing January profits, a spokesman said.

The spokesman had no information on how the money will be invested; a likely possibility is an interest-bearing account that is easily accessible.

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Manager questionnaires now out

Questionnaires for *Pensions & Investment Age*'s annual issue profiling the nation's institutional money managers have been mailed out. For your firm to be profiled in the May 23 directory, please return the questionnaire by March 16 to Christine Philip, directory coordinator, *Pensions & Investment Age*, 740 N. Rush St., Chicago, Ill. 60611-2590.

If you have any questions, or have not received a questionnaire, please contact Ms. Philip at (312) 649-5217.

Proxy pressure warning issued

Labor Department actions spur hope about process

By Marcia Parker

The Department of Labor's letter to Avon Products Inc. on proxy voting procedures and a speech by a high-ranking department official together are expected to have a significant impact on the 1988 proxy season.

The consensus among institutional investors, consultants, proxy solicitors and other players is that corporate executives have been put on notice they can't pressure fiduciaries into voting management's way on issues, and that fiduciaries responsible for casting proxies will make the ultimate economic value of the stock the top consideration.

But they warn unless the Labor Department backs up this long-awaited guidance with aggressive monitoring and enforcement, the advice will be of little help to any of the players struggling to stay out of the gray areas of the nation's complex proxy system.

Some went a step further, arguing that because the department has not offered any formal guidelines, regulations or opinions, few will take the department's views seriously. At least one money manager predicted the directive "will just force this (pressure campaign) underground."

"Anyone concerned with corporate governance and the integrity of the proxy voting system will welcome this statement by the Labor Department and hope that the guidelines will be enforced. The guidelines have been a long time in coming -- it's been 14 years since (the Employee Retirement Income Security Act) was enacted," said Peg O'Hara, director of corporate governance at the Investor Responsibility Research Center Inc., a Washington group that monitors corporate governance and other issues.

"But it should now be crystal clear to everyone that any effort by corporate management to influence or pressure pension plan fiduciaries or their investment managers to vote in any way except solely in the interest of plan participants is in clear violation of the law. With institutions owning an increasing number of shares in many corporations, any guidelines that will protect their right to vote their proxies in their beneficiaries' best interests are to be applauded."

The guidance on proxy policies and procedures has been provided in recent weeks in the form of a letter to Helmuth Fandl, chairman of the Avon retirement board, outlining the role of fiduciaries in proxy voting, and a speech by Assistant Secretary of Labor David Walker. Avon's proxy voting procedures were under investigation. The department has been very careful to clarify it has not issued guidelines, only guidance.

While the Labor Department said its investigation was inconclusive, Alan Lebowitz, the deputy assistant secretary who signed the Avon letter, made it clear the fiduciary act of managing plan assets that are shares of corporate stock includes voting the proxies.

The Labor Department letter said ERISA contains no provision that would relieve an investment manager of fiduciary liability for any decision made at the direction of another person.

It also makes clear the monitoring of the activities of the investment manager with respect to the management of plan assets includes decisions made and actions taken with regard to proxy voting.

And in his speech, Mr. Walker said the ultimate economic value of the stock must be the primary consideration when fiduciaries vote their proxies (*Pensions & Investment Age*, Feb. 22). It was the first time that view had been espoused.

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Photo by Douglas Kenkel

Dallas-based LTV claimed in court papers filed in New York that restoring three terminated steel unit plans would endanger its reorganization under Chapter 11.

LTV disputes agency claim

By Fred Williams

Calling PBGC claims "childish and wrong," executives of The LTV Corp., Dallas, said restoration of three terminated steel unit pension plans would have a devastating effect on its reorganization under federal bankruptcy laws.

The Pension Benefit Guaranty Corp. is seeking a summary judgment in U.S. District Court in New York to restore to LTV the plans that were terminated by the PBGC early last year (*Pensions & Investment Age*, Feb. 8).

In its 73-page response, filed Feb. 22, LTV rejected each of the agency's contentions in support of restoration: that LTV's financial condition had improved sufficiently to allow the company to fund the plans; that LTV has abused the pension insurance program by establishing follow-on plans that effectively continue the terminated plans; and, by doing so, LTV has demonstrated a willingness to fund retirement programs at levels comparable to those before termination.

When supporting affidavits are added in, the filing amounts to nearly 1,500 pages.

PBGC officials declined to comment on LTV's filing; the agency had requested an extension in order to prepare its court re-

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Aetna, CIGNA CIOs resign

By Marlene Givant

HARTFORD, Conn. — The chief investment officers of CIGNA Corp. and Aetna Life & Casualty Co. have announced their resignations.

Richard W. Maine, a 24-year CIGNA veteran, resigned to pursue new career opportunities one month after a reorganization of its investment and pension operations. His resignation is effective March 11. Mr. Maine would not comment on his decision.

Donald G. Conrad, chief investment and financial officer of Aetna since 1970, will leave to form some type of investment business with unnamed partners, according to a spokesman. He will leave Aetna in a few months.

Neither man will be replaced.

Under CIGNA's reorganization, management of the investment and the group pension units were combined; the groups remain separate.

Mr. Conrad's duties will be divided between Patrick W. Kenny, senior vice president-finance, and Philip R. Roberts, senior vice president of investments.

During his reign at Aetna, assets under management swelled to $64.9 billion from $8.9 billion.

Commenting on the resignations, Ted Wolff, senior securities analyst with Conning & Co., Hartford, said "I'm not sure how much effect on investment policy one person has."

Values of publicly held investment managers

	Jan. 1 1987	Peak*	Sept. 19 1987	Oct. 20 1987	Dec. 31 1987	Feb. 29 1988
Price/revenue ratio	4.3	5.4	2.4	1.7	1.7	1.8
Price as % of assets managed	2.42%	3.36%	2.09%	1.37%	1.56%	1.76%
Price/earnings ratio	15.2	20.3	11.3	8.3	8.2	10

* From late February to early March 1987

Source: Berkshire Capital Corp., New York

Prices fall for advisory firms

Multiples down 25% for '87 purchases

By Joel Chernoff

NEW YORK — Price multiples paid last year for investment management firms dropped an average of 25% from 1986, even though the vast majority of these acquisitions occurred before the October stock market drop.

Prices to acquire such firms were, on average, 1.8 times revenue and 1.76% of assets under management, down from 4.3 times revenue and 2.42% of assets in 1986, according to a survey by Berkshire Capital Corp., a New York investment banking boutique.

Sixteen public and private transactions involving money management firms were completed in 1987, down slightly from 18 the year before.

The industry faces increased consolidation from competitive pressures, uncertain markets and fee pressures, said Bruce McEver, president of Berkshire. But there will be continued demand for money management firms — particularly from foreign investors — if prices come down to "more reasonable levels" of two to three times revenue, he said.

Some firms were seeking price multiples of at least four to five times revenue before Oct. 19, reflecting the high prices of publicly held firms. At the market peak for publicly held money managers — late February to early March 1987 — stocks traded at an average of 5.4 times revenue, or a 20.3 price-earnings ratio.

By Sept. 19 — a month before the crash — price multiples had declined to 2.4 times revenue or an 11.3 p/e. By Oct. 20, they had dropped to 1.7 times revenue or an 8.3 p/e. As of Feb. 29, they had recovered to 1.8 times revenue or a 10 p/e.

Mr. McEver also predicted banks will continue to sell off their investment management units to raise cash, and might consider selling their personal trust units as well. Earlier this year, Manufacturers Hanover Corp. sold its money management unit to Mitchell Hutchins Asset Management Inc., and Citicorp's investment management subsidiary is on the block.

Future purchases likely will rely on securities because the 1987 tax law makes cash transactions less appealing. Under the previous law, a cash purchaser could write up assets such as client lists and depreciate them over time. Now, those assets are considered goodwill.

Foreign purchasers will step up their buying activity, aided by the weaker dollar and a desire to enter the U.S. pension market, Mr. McEver said. In contrast, "domestic people really have to do it on an economic basis," he explained.

Recently, Zurich-based Bank Julius Baer bought a minority interest in Harbor Capital Management Co. Inc., Boston, while Bank in Liechtenstein AG purchased Trainer, Wortham & Co. Inc., New York. Berkshire Capital was the adviser on the Trainer deal. While British firms have led the buying field, the Japanese companies might become important players shortly, he said.

In 1987, three U.S. money management firms — Reich & Tang Inc., Oppenheimer Capital Corp. and Thomson McKinnon Asset Management Inc. — sold minority interests to the public through master limited partnerships, now greatly restricted by the tax law. A master limited partnership also is expected this year from Alliance Capital Management Corp. All of the firms are based in New York. ■

Survey finds wide range in earnings

By Carol Wiley

Franklin Resources Inc., San Mateo, Calif., had the largest percentage increase in net earnings — 83.5% — and Criterion Group, Houston, the biggest percentage drop — −54% — among 21 publicly held investment firms reporting earnings for their 1987 fiscal years.

Franklin reported net earnings of $58.9 million on revenue of $206.5 million for its fiscal year ended Sept. 30, up 83.5% from 1986's $32.1 million. The firm has $33 billion under management.

Criterion, with $11.6 billion under management, reported net earnings of $5.7 million on revenue of $42 million, from $12.4 million in 1986.

The data came from a survey by Berkshire Capital Corp., New York.

Berkshire defines net earnings as the company's bottom line — earnings minus taxes and expenses — and information was taken from annual reports and telephone interviews, according to Michael Kuch, financial analyst at Berkshire.

The investment banking boutique also calculated the average stock price of the management firms dropped a 35% last year, compared with the Standard & Poor's 500 stock index's 5.3% gain.

Rupert Johnson Jr., senior vice president at Franklin, attributed the increased earnings to the continued success of the firm's income and investment products.

"While the earnings increase is fine, the sales of mutual funds for all mutual fund companies have done extremely well," Mr. Johnson said.

"Our main concern is the success of our investment products and being able to offer products to meet our clients' needs."

The severe drop in Criterion's earnings, on the other hand, is a result of the poor bond market early in 1987, according to Jeff Nichols, executive vice president-corporate affairs.

"The decrease in earnings was a function of a severe reduction in underwriting income on the mutual fund side," Mr. Nichols said.

He added, however, that management fees for both the private account side and the mutual fund side "were at an all-time record high" for the year.

Franklin was followed by Eaton Vance Corp., Boston, reporting a change of 80.5%, with fiscal '87 net earnings of $11.5 million on revenue of $50.5 million, compared with $6.3 million in 1986. The corporation's fiscal year ended Oct. 31, with $5.4 billion under management.

United Asset Management Corp., Boston, the holding company of 15 investment

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Managers more malleable on fees

Money management fees are likely to remain flat in 1988, and some consultants and pension executives are finding money managers are becoming more flexible.

Except for bank trust departments, money managers have not raised their fees significantly in the past two years, according to consultants. But a few have adjusted the break points between fee levels to raise the amount at which lower fees start.

And where once a typical manager might have negotiated fees only for accounts of more than $100 million, now negotiation might be possible at $75 million or even $50 million.

In part, the lack of fee increases and greater flexibility reflect the determination of pension executives to hold down costs.

"We have not found any managers increasing their fees in either fixed income or equity," said Paul Berg, chairman of The Plan Sponsor Network, a consulting organization in Port Chester, N.Y.

"We have also found managers are more willing to negotiate fees, particularly on the equity side where performance has been disappointing."

Mr. Berg said that for one consulting client, his firm had negotiated an identical fee schedule with four managers, all of whom otherwise would have had different schedules.

"On the corporate side there has historically been little negotiation of fees," said Mr. Berg. "But corporations are now looking beyond that and are negotiating.

"There are some managers who will not negotiate, but that is becoming a more difficult stance to maintain."

"The last big burst of fee increases was in 1985," said Keith Stransky, vice president at Evaluation Associates Inc., Norwalk, Conn. "Now fees are not going up, although some managers have changed the break points."

One reason for the slowing in the rate of fee increases is that between one-third and one-half of investment counseling firms have fee schedules starting at 1%. "Few are willing to go over 1%," Mr. Stransky said.

Banks are the one area where fees have increased in the past three years, said Dave O'Donovan, vice president at SEI Corp., Chicago. As bank performance has improved, gaps have narrowed between bank fees and those of investment counseling firms, he said.

"They have largely overcome the stigma that used to be attached to bank trust departments," Mr. O'Donovan said.

But even banks probably won't be increasing fees this year, he said.

"Clients want lower fees," said Russ Wilson, a consultant with Collins Associates, Newport Beach, Calif. "We think the best way to get them is through performance fees. We have a plan to get most of our clients on to a performance-fee basis this year."

Mr. Wilson said one Collins Associates client established a maximum fee his fund would pay; one manager who would not agree to that fee was fired.

"This year clients are going to have a lot of leverage," he said, because performance has not been particularly strong.

Reflective of the new mood among pension executives, John E. Bohan, vice president-pension investments at Pillsbury Co., Minneapolis, has specified to new money managers that Pillsbury expects to be charged no more than the lowest fees the managers are charging any other client — public or private — for a fund of the same size. Pillsbury has roughly $733 million in pension assets.

"If they have negotiated a lower fee with someone else, we expect to get the advantage of that lower fee," Mr. Bohan said.

According to data provided by Plan Sponsor Network, the median fee for separate equity man-

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Fixed-income fees (in dollars and percentage)

	Account size ($ mils.) $5	$10	$25	$50	$100
Banks	$20,000/0.4%	$40,000/0.40%	$82,500/0.33%	$145,000/0.29%	$270,000/0.27%
Insurance companies	25,000/0.5	50,000/0.50	95,000/0.38	157,500/0.32	232,500/0.23
Investment advisers	25,000/0.5	45,000/0.45	90,000/0.36	165,000/0.33	315,000/0.32
Median all managers	25,000/0.5	40,000/0.40	85,000/0.34	150,000/0.30	250,000/0.25

Source: Plan Sponsor Network, Port Chester, N.Y.

Equity fees (in dollars and percentage)

	Account size ($ mils.) $5	$10	$25	$50	$100
Banks	$40,000/0.80%	$60,000/0.60%	$100,000/0.4%	$162,500/0.4%	$287,500/0.29%
Insurance companies	36,400/0.73	64,400/0.64	148,400/0.59	288,000/0.58	568,000/0.57
Investment advisers	37,500/0.75	75,000/0.75	175,000/0.70	290,000/0.58	490,000/0.49
Median all managers	37,500/0.75	69,000/0.69	130,000/0.52	230,000/0.46	430,000/0.43

Source: Plan Sponsor Network, Port Chester, N.Y.

PIPER

Texas banks lead special equities

By Carol Wiley

An admittedly "fairly risky" investment approach put First RepublicBank's $17 million select equity fund first for the quarter, one year, three years and five years ended Dec. 31, in Pensions & Investments' Performance Evaluation Report on 104 special equity funds.

First RepublicBank, Dallas, reported stunning returns for the year — 69.5%, compared with the Standard & Poor's 500 stock index return of 5.3% and the PIPER median fund's −1.5%.

For the quarter, the fund had 4.3%, compared with the S&P's −22.5% and the median's −23.9%; for the three years, 45.3% vs. 18.1% and 12.8%; and for the five years, 39.3% compared with 16.5% for the S&P and 12.6% for the PIPER median. All figures for periods of more than a year are compound annualized.

The only period in which the bank did not lead was the 10 years; MTrust Corp., Dallas, reported a compound annualized return of 22.1% on its $22.9 million growth fund for that period. The S&P 500 returned 15.3% for the period, and the PIPER median, 16.6%.

Ben Fischer, senior vice president at First RepublicBank, said the basic investment approach is disciplined and value-oriented.

"About 150 stocks form a pool of value stocks we use," Mr. Fischer said. "From those we cull the most attractive. We are concentrating on 10 stocks or fewer at any one time. Consequently, we put all of our eggs in one basket, and there's high turnover in the basket.

"It's fairly risky, but it's been working pretty well."

Mr. Fischer is not a market-timer, but stocks are bought and sold and bought again within a short period of time because the universe is small and because stocks are sold as soon as the value increases. Stock in **Conrail**, for example, was bought and sold a couple of times last year. Stock in **Banc Paribas** was bought and sold within a month, Mr. Fischer said. Similar trading occurred in **Ashton-Tate Corp., Eastern Gas & Fuel Associates** and **IBM Corp.**

"There was a continual string of trades at the beginning of the year," Mr. Fischer said. "Before the crash, we didn't see as many as we liked so we were above average in cash. We went back into the market Oct. 20 and bought **American Bankers Insurance Group, Bankers Trust Co., Manufacturers Hanover Trust Co., Arvin Industries Inc.** and **Pfizer Inc.**" The fund now is fully invested.

"If there's nothing attractive, we just sit out for a while," he said. "You have to be sure of the market if you have only 10 stocks."

Special equity pooled funds performance
(Periods ended Dec. 31, 1987)

	4th qtr.	1 yr.	3 yr.	5 yr.	10 yr.
Highest return	4.3%	69.5%	45.3%	39.3%	22.1%
First quartile	−20.8	3.5	17.6	14.2	18.1
Median	−23.9	−1.5	12.8	12.6	16.6
Third quartile	−26.1	−6.6	8.7	7.5	14.9
Lowest return	−33.6	−18.9	−0.9	−3.0	12.2
S&P 500	−22.5	5.3	18.1	16.5	15.3

For the year, First RepublicBank's fund was followed by the resources fund of Citicorp, New York, with a return of 24.6%; the special equity and Fund 20 funds offered by First Bank National Association of Minneapolis-St. Paul, with respective returns of 15.7% and 15.6%; and the specialty growth fund of Putnam Fiduciary Trust, Boston, with 13.4%.

An oil and gas fund at its inception in 1979, Citicorp's resources fund now seeks stock in asset-rich natural resources companies, em-

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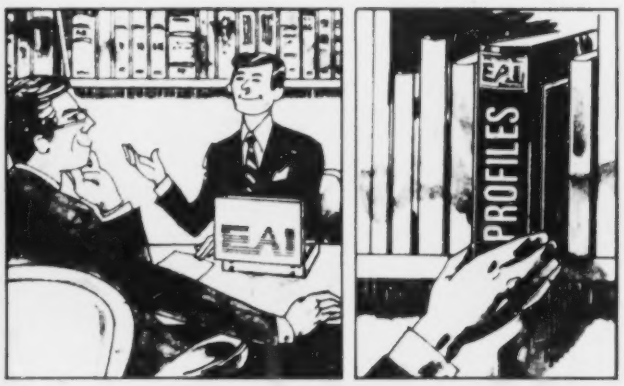

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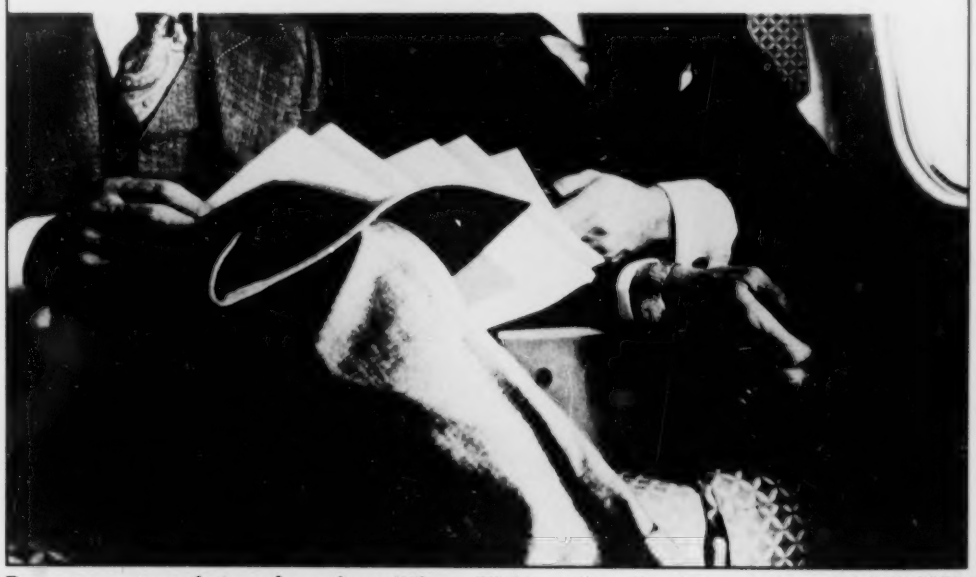

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PIPER

Bonds shine in international arena

By Joel Chernoff

Global and international fixed-income funds surpassed equity funds in the year and quarter ended Dec. 31, not surprising given the turbulent stock markets of October.

Virtually all of the top-performing funds in the Pensions & Investments' Performance Evaluation Report for the two periods were bond funds, buoyed greatly by the U.S. dollar's decline. PIPER tracks 41 international and global commingled funds of 29 banks and insurance companies.

The Salomon Brothers Non-U.S. Dollar World Government bond index soared 35.2% in dollar terms last year, while Salomon's World Government bond index rose 18.4%. In comparison, the Morgan Stanley Capital International Europe Australia Far East index rose 24.9%, while the firm's World index climbed 16.7%.

"A good part of that 35.2% (non-U.S. bond return) was currency as the dollar declined," said Richard Carr, managing director at First Chicago Investment Advisers, which manages First National Bank of Chicago's $341 million international non-dollar fixed-income fund. The fund was tops for the year with 38.7% and third for the quarter with 23.6%.

First Chicago added 151 basis points by overweighting — at 10% of assets vs. the benchmark's 2% — in Australian dollar bonds until fall, when it sold the entire holding, only to go back in during October.

It also picked up nearly 300 basis points in the Japanese bond market. When interest rates dropped to less than 3% in May, the firm shortened its maturities and trimmed its holdings to 20% from its normal 50%, positioning itself to do well when the bond market collapsed in August and September.

A $207 million foreign bond fund run by PCM International, a subsidiary of Prudential Insurance Co. of America, Newark, N.J., was the second-best international performer for 1987 and the best for the quarter, with respective returns of 37.8% and 25.1%.

PCM slightly overweighted yen-denominated bonds, with a 50% holding, while U.K. gilts also were modestly overweighted at between 15% and 25%.

Meanwhile, combined holdings of 5% to 6% in non-index countries New Zealand and Denmark also boosted returns, said Ken Windheim, director-international fixed income.

PCM also shortened maturities while interest rates were rising, and then went back into longer maturities before rates fell in October.

Coming in third for the year and fourth for the quarter was Toledo Trust Co.'s $1.6 million global bond fund, which is managed by Julius Baer Investment Management Inc., New York. It equaled the non-U.S. benchmark's 35.2% return for the year and vastly outperformed the World index, by switching between deutsche mark and yen bonds and lengthening maturities at the correct time. Its three-month return was 22.6%.

Similarly, fourth-ranked Bank of America's $40 million international bond fund — advised by WorldInvest Ltd., London — achieved 34.9% by switching between those two markets as well as investing in U.K. gilts and French franc bonds, which offered up to 100 basis points over 10-year Treasury securities. In the quarter the fund ranked second, with 24.6%.

On the equity side, the big story again was funds' Japanese weightings. The commitment to Japan plus the commitment to cash going into the drop caused a wide disparity in international equity fund returns for the year, ranging from the 29.1% recorded by Bankers Trust Investment Management Ltd., London, to the −3.5% of Toledo Trust.

Bankers Trust, whose $115 million international equity fund was the only active manager in the universe to beat the EAFE's 24.9% return, attributed its outstanding performance to superior stock selection, specifically in Japan.

In the first quarter of 1987, the manager "detected a little weakness in the yen," and started buying up export-related company stocks, such as **TDK Corp.** and **Mitsubishi Corp.**, said Lynn Minard, director of global marketing and sales. Later in the year, it took profits in those stocks, as well as in Japanese construction, housing, chemical and steel stocks. Bankers Trust still is bullish on Japan, with 43% of the fund's assets invested there.

Index fund managers dominated the rest of the 1987 equity leaders, except for Boston-based Wellington Trust Co.'s Pacific Basin fund, which returned 26.4%.

For the fourth quarter, the strongest stock fund performer was CIGNA Corp.'s $126 million international equity account, largely because of its large cash position.

CIGNA's fund, which takes a top-down approach, started building its cash position in mid-summer, rising to more than 30% by the first week in October, said Sarah Plotkin, product manager.

The risk-averse manager has switched its asset mix radically during the year, starting off with a 6.6% cash position and 45.3% in Japan; by year end, it had 47% in cash and only 12% in Japan.

The fund returned −7.6%, ranked eighth overall, following bond funds.

In the longer periods, equity funds retained their supremacy.

For the three-year period, Fidelity Management Trust's $50 million overseas equity fund was on top, with a 52.9% compound annualized return vs. the EAFE's 49.3% and the World index's 33.2%.

No fund beat the EAFE's 34.9% annualized return for the five years ended Dec. 31. The top performers were index funds run by Wells Fargo Investment Advisors, San Francisco, at 33.5%, and American National, at 33.4%; followed by active managers Bankers Trust, at 32.9%, and Bank of America, at 30.7%. ■

The statistical data are extracted from Pensions & Investments' Performance Evaluation Report, a quarterly performance evaluation published by *Pensions & Investment Age*. PIPER details comparative performance data on special equity and international funds at more than 70 banks and insurance companies. PIPER is compiled by Rogers, Casey & Barksdale Inc., Stamford, Conn.

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